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annual Aid Review 1972

Memorandum of Canada
to the
Development Assistance Committee
of the
Organization for Economic
Cooperation and Development

July 1973



Canada



Canadian International
Development Agency

Agence canadienne de
développement international

The Development Assistance Committee

The Development Assistance Committee (DAC) of the Organization for Economic Cooperation and Development (originally called the Development Assistance Group) was formed in 1960 to provide a meeting place where donors of bilateral assistance to developing countries could consult together and exchange views on common problems.

The DAC now has 17 members, including the Commission of the European Communities. DAC countries are together responsible for more than 90 per cent of the total flow of development resources to the low-income countries.

The DAC itself is not a development agency. It has no development funds of its own, but stimulates a common effort among its member nations. It has been notably instrumental in encouraging members to improve Official Development Assistance (ODA) flows, to accept minimum agreed aid target levels and to improve the terms of development cooperation, bearing in mind the debt-servicing capacities of recipient countries.

One of the DAC's most important activities is the Annual Aid Review. At this meeting each member government submits its development assistance performance during the past year and its prospects for the future to detailed cross-examination by the Committee. The country under examination circulates a Memorandum, the OECD Secretariat makes a report and a set of questions is prepared in liaison with two DAC members appointed in each case as examiners. These candid confrontations are designed to be as forward-looking as possible, with emphasis being laid in each year's Review on two specific aspects: in 1973, local cost financing and employment creation.

The following document is Canada's Memorandum submitted to the DAC in July 1973.

MEMORANDUM OF CANADA
TO THE
DEVELOPMENT ASSISTANCE COMMITTEE
OF THE
ORGANIZATION FOR ECONOMIC
COOPERATION AND DEVELOPMENT

ANNUAL AID REVIEW 1972

July 1973

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NOTE: All figures in the text, unless otherwise stated, are in \$US, using an exchange rate of \$US 1 = \$Cdn 1.0098 for 1971, and \$US 1 = \$Cdn 0.9907 for 1972.

INTRODUCTION

1. Total net flows of Canadian Financial Resources to developing countries reached a level of \$1,015.4 million or 0.98% of GNP in 1972, compared to \$924.3 million or 1.00% of GNP in 1971.¹ Official Development Assistance disbursements increased from \$391.1 million in 1971 to \$492.1 million in 1972, the highest level ever reached. This amount was equivalent to 0.47% of GNP. ODA commitments also reached a new high level of \$559.7 million in 1972.

2: Canada's official development assistance commitments met both alternatives A and B of the 1969 DAC Terms Recommendation for the degree of concessionality of ODA. Only 0.2% of total commitments of \$559.7 million had a grant element less than 90.0% and the weighted grant element of the total program was 96.7%. It should be noted that the Canadian program also qualifies under the Terms Recommendation which will come into effect in 1973.

3. In May, 1972, Canada joined the Inter-American Development Bank with an equity capital subscription of \$242 million (in 1960 US dollars) \$40 million of which is being paid in over three years. In addition, Canada pledged \$60 million (1960) over three years to the Bank's Fund for Special Operations. In November, 1972, agreement was reached to establish the African Development Fund. Canada will be represented on the Board of Governors and the Board of Directors of the Special Fund and will contribute \$15 million (1972) to the Fund over three years commencing in 1973.

4. Canada continues to be aware of the need for re-assessment and responsiveness in its development assistance program. In an attempt to promote these objectives, the President of CIDA hosted a three day Consultation in October, 1972, with participants from developing and donor countries, multilateral institutions, and Canadian Government departments. The aim was to gather critical but constructive views on Canada's program from a broad range of perspectives.

5. Following the Consultation, a decision was taken by CIDA to undertake, during 1973, a comprehensive review of its current development assistance program and policies. The increasing growth rate and complexity of the program suggested the need to reassess the principles outlined in the Foreign Policy Review of 1970 and the way in which they have been applied, to determine whether they still represent an adequate and appropriate framework for planning the broad direction, orientation and level of Canada's international development assistance program during the remainder of the Second Development Decade. This review is expected to result in the adoption and implementation of policy decisions over a period of time. Some of these decisions will fall directly under the responsibility of CIDA, others might require interdepartmental consideration and still others might call for ministerial or Cabinet approval.

1. These levels of 1.0% and .98% in 1971 and 1972 were reached by the inclusion of \$123 million and \$164 million for loans to LDC's by banking syndicates of which Canadian chartered banks were members. These flows were not included in previous years.

6. During 1972 legislation (Bill C-172) was drafted to implement a general preferential tariff system, and was passed by Parliament on April 13, 1973. Canada also participated in international commodity negotiations and was the first country to ratify the International Cocoa Agreement.

7. A review of proposals for assisting the developing countries in the field of export promotion has been undertaken by CIDA. The recommendations of this more comprehensive survey are expected to be reviewed by interested departments, in addition to CIDA, in the fall of 1973.

VOLUME

Disbursements

8. Net disbursements of financial resources from Canada to the developing countries in 1972, outlined in Table I, rose from \$924.3 million in 1971 to \$1,015.4 million in 1972, although the percentage of GNP represented by these amounts decreased from 1.00% to 0.98%. The 1971 figure for total flows given here is higher by \$172.1 million than the figure quoted in last year's memorandum, as a result of the following adjustments:

- (1) Private flows from Canadian banks to developing countries on which no information was available when the 1971 Statistical Annex was submitted, are now calculated to have amounted to \$123.3 million. In addition, several of the figures listed under private flows were quoted in Canadian rather than American dollars, and corresponding adjustments have been made. As a result of these two adjustments, the total for private flows previously reported as \$303.1 million becomes \$424.2 million.
- (2) The full amount of Canada's first instalment of the Third Replenishment of IDA (\$50.0 million) has been included as a disbursement in 1971. In the past, it was only when these notes or a portion thereof had actually been encashed that a disbursement was deemed to have taken place, and since there was no drawdown of notes by IDA in 1971, no disbursements were reported in that year.
- (3) Disbursement during 1971 of a contribution of \$1 million to the Special Fund of the Caribbean Development Bank was not reported in 1971, but has been included in the revised figures.

9. In 1972, all advances to IDA and to the regional development banks payable in the form of non-interest bearing, non-negotiable notes were deemed to have been disbursed on the date such notes were deposited to the account which that institution maintained at the Bank of Canada. This change in the way in which Canada's multilateral disbursements are reported to the DAC is consistent with the Statistical Directives and with balance of payments reporting procedures.

TABLE I

Comparison of Net Flows of Canadian Financial Resources to
Developing Countries
(\$US million)

	<u>Disbursements</u>				<u>Commitments</u>	
	<u>Amount</u>		<u>% of GNP</u> ¹		<u>1971</u>	<u>1972</u>
	<u>1971</u>	<u>1972</u>	<u>1971</u>	<u>1972</u>		
TOTAL FLOWS	924.3	1,015.4	1.00	.98	520.1	843.3
1) Official Development Assistance	391.1	492.1	.42	.47	416.1	559.7
A. Bilateral total	294.5	338.3			323.5	386.9
a) Grants	155.9	194.4			172.0	211.2
Projects	31.1	34.8			30.4	47.4
Technical assistance	48.8	65.6			49.9	66.0
Food aid	71.8	73.4			69.3	79.0
Emergency relief	4.2	20.2			22.1	18.4
Debt relief		0.4			0.3	0.4
b) Development loans	138.7	143.9			151.5	175.7
B. Multilateral total	96.6	153.7			92.6	172.8
a) Grants	44.7	43.8			42.2	51.7
b) Loans	-	0.3			-	5.1
c) Capital subscription payments	50.9	88.1			50.4	82.7
d) Contributions to Special Funds of Development Banks	1.0	21.5			-	33.3
2) Other Official Flows	59.9	114.1	.06	.11	104.0	283.6
A. Official Export Credits	59.9	109.3			104.0	277.0
B. Refinancing Loans		4.8				6.6
3) Private Flows	424.2	355.3	.46	.34		
4) Voluntary Agencies ²	49.0	54.0	.05	.05		

NOTES: ¹ Figures for GNP are 1971: \$92,191 million; 1972: \$103.922 million.

² CIDA's commitments and disbursements to voluntary agencies are included within bilateral grants.

Official Development Assistance

10. Net disbursements increased by 25.8% from \$391.1 million in 1971 to \$492.1 million in 1972. Within the bilateral sector of the program, disbursements of bilateral grants increased by \$43.8 million or 14.9% with technical assistance and emergency relief showing the largest increases. Bilateral development loans increased by only \$5.2 million or 3.7%; a large disbursement of \$15.2 million to Botswana and smaller increases in loan disbursements to other countries were almost offset by a drop of \$22.1 million in loan disbursements to Pakistan.

11. Multilateral disbursements increased by 59.1%. Although there was a small decrease in grants to multilateral institutions, due primarily to the fact that CIDA operates on a fiscal year basis and disbursements of annual commitments do not necessarily fall within the calendar year, disbursements on advances and contributions to the Special Funds of Development Banks more than doubled from \$51.9 million to \$109.6 million. Of the \$88.1 million in advances, \$54.3 million represented Canada's second instalment of the third replenishment of IDA. A payment of \$16.2 million was made to the IBRD representing the 9% callable portion of Canada's 1970 capital subscription increase. Other disbursements of advances were to the Inter-American Development Bank - \$14.4 million, the Asian Development Bank - \$2.3 million, and the Caribbean Development Bank - \$0.97 million. The payment to the Caribbean Development Bank consisted of \$0.48 million in cash and \$0.49 million in notes.

12. A contribution of \$21.5 million was made to the Fund for Special Operations of the Inter-American Development Bank. This payment represented the first of three equal annual instalments to the Bank's Special Fund. A loan of \$0.28 million was made to the IBRD for the Tarbela project.

Other Official Flows

13. Disbursements for other official flows increased by 90.3% from \$59.9 million to \$114.1 million, as a result of a large increase in disbursements for official export credits. There was also a disbursement of \$4.8 million for re-financing loans for projects in Pakistan and Bangladesh. Table II indicates the geographical distribution of OOF commitments and disbursements in 1971 and 1972.

Private Flows

14. After adjustments had been made to the 1971 figures, disbursements for private flows dropped from \$424.2 million in 1971 to \$355.3 million in 1972, a decrease of 16.5%. Export credits issued by the non-monetary sector, which fluctuate widely from year to year, accounted for this change, falling from \$84.1 million in 1971 to a minus \$8.8 million in 1972. (For a more detailed explanation of private flows, see p. 27 ff).

TABLE II

Other Official Flows

Bilateral Commitments and Disbursements by Area
(\$US million)

	<u>Commitments</u>		<u>Disbursements</u>	
	<u>1971</u>	<u>1972</u>	<u>1971</u>	<u>1972</u>
Europe	60.3	88.4	32.4	33.9
Middle East	6.3	10.1	10.8	30.1
Asia*	7.2	17.9	12.9	- 0.1
Africa	4.0	5.4	1.3	2.0
Caribbean	5.2	18.7	4.1	- 0.4
Latin America	11.9	118.6	1.9	33.8
Central America	9.1	24.6	- 3.5	14.5
	<hr/>	<hr/>	<hr/>	<hr/>
	104.0	283.7	59.9	114.1

*Includes for 1972 commitment of \$6.61 million and disbursement of \$4.79 million to Pakistan for debt re-financing.

15. Grants by voluntary agencies increased from \$49.0 million in 1971 to \$54.0 million in 1972.

Commitments

Official Development Assistance

16. Commitments for ODA increased by 34.5% from \$416.1 million in 1971 to \$559.7 million in 1972. Bilateral grant and loan commitments increased by 23.1% and 16.0% respectively. The major increases came in Africa with an additional \$10.2 million loan committed to Botswana for the Shashi project, a loan of \$26.3 million to the East African Community for harbour equipment, and a growth in the Tunisia program from \$5.4 million to \$21.4 million.

17. Multilateral commitments for 1972, which represent the amounts made available for disbursement during 1973, totalled \$172.8 million. Grants to multilateral agencies comprised \$51.7 million of the commitments, the largest portions, \$20.2 million and \$17.0 million being committed to the UNDP and the World Food Program respectively. The largest single commitment for capital subscription payments or advances was \$60.3 million for the I.D.A. which includes Canada's third instalment of \$50 million (1960) of the Third Replenishment and maintenance of value adjustments for the previous two instalments. Other capital subscription commitments are to the Inter-American Development Bank - \$17.9 million, the Asian Development Bank - \$2.7 million, and the Caribbean Development Bank - \$1.8 million. All three figures include maintenance of value adjustments. Contributions to Special Funds totalling \$333 million will be made available to four multilateral agencies: \$24.0 million to the Fund for Special Operations of the Inter-American Development Bank, as part of the Canadian three year loan commitment; \$3.7 million to the Caribbean Development Bank Special Fund (the 1972-73 and 1973-74 instalments, totalling \$2.0 million, of a four year commitment, and an additional \$1.7 million representing the first instalment of an amount of Cdn. \$5 million to be made available over the next three years); \$5.5 million to the African Development Fund. In addition two loans were made: a \$5.0 million loan at soft terms directly to the African Development Bank; and \$0.1 million for Tarbela.

Other Official Flows

18. Commitments of other official flows, principally official export credits, increased sharply from \$104.0 million to \$283.6 million. The majority of the new commitments were made to Latin American countries.

Sources of Funds for the Aid Program

19. Canada's official development assistance program is funded through annual appropriations approved by the Federal Parliament. Table III shows the level of appropriations and authorizations for ODA for the fiscal years 1972-73 and 1973-74.

TABLE III

Official Development Assistance
Appropriations and Authorizations
Fiscal Years 1972-73 and 1973-74
(\$ Cdn. million)

	<u>1972-73</u>	<u>1973-74</u>
Bilateral - Grants	100.7	139.1
Food Aid	76.9	53.8
Loans	<u>141.8</u>	<u>164.2</u>
Sub-total	<u>319.4</u>	<u>357.1</u>
Multilateral - Grants (Including Food Aid)	48.7	56.7
Loans	-	5.0
Capital Subscription Payments	67.3	79.4
Contributions to Special Funds of Development Banks	<u>31.3</u>	<u>31.9</u>
Sub-total	<u>147.3</u>	<u>173.0</u>
Non-Governmental Organizations	16.1	20.9
International Development Research Centre	<u>8.0</u>	<u>14.0</u>
Total ODA Appropriations	<u>491.0</u>	<u>565.0</u>

20. Amortization and interest receipts on CIDA's development loans to March 31, 1973 totalled \$4.8 million. Of this amount, \$2.7 million represented payment of commitment and service charges and \$1.5 million payment of interest. The receipts were paid into the Government's Consolidated Revenue Fund. Repayments of principal are transferred to the Consolidated Revenue Fund as well but are credited to the account for Special Loan Assistance to Developing Countries, under which bilateral loan funds are appropriated by Parliament.

Medium-Term Prospects

21. The growth in appropriations and authorizations for official development assistance in recent years, at an average rate of approximately 16% per annum, reflects the high priority the Government attaches to development assistance programs. While the Canadian Government has not accepted a deadline for the achievement of the 0.7% target for ODA, it is hoped that Canadian ODA disbursements will reach that level by the end of the decade. Conservative estimates indicate that disbursements would need to grow at an average rate of 16% to reach the target by 1980. While not denying the desirability of increasing the flow of financial resources to the developing countries, the Canadian Government believes that as much emphasis must be placed upon the effective deployment of development assistance resources as on their sheer volume.

The Pipeline

22. The pipeline in the CIDA program is considered to be the cumulative undisbursed cash balances from non-lapsing appropriations for bilateral programs.

23. Table IV shows the relationship between allocations and disbursements of bilateral appropriations for grants, loans and food aid, from 1968-69 to 1972-73. For the first time during this period, there was a slight decrease in the pipeline from Cdn. \$432.3 million in 1971-72 to Cdn. \$424.5 million at the end of 1972-73. The proportion of allocations represented by the amount in the pipeline had also declined to 1.36, the lowest in the period. Of the Cdn. \$424.5 million in the pipeline at the end of fiscal year 1972-73, Cdn. \$182.7 million was already committed to projects, leaving Cdn. \$241.8 million uncommitted.

TABLE IV

Bilateral Allocations and Disbursements
(Grants, Loans and Food Aid)
(\$ Cdn. Million)

<u>Fiscal Year</u>	<u>Allocations</u>	<u>Disbursements</u>	<u>Difference</u>	<u>Cululative Undisbursed Cash Balance</u>	<u>Cumulative Undisbursed Cash Balance as a proportion of allocation</u>
1968/69	223.6	149.4	74.2	336.4	1.50
1969/70	256.1	199.9	56.2	392.6	1.53
1970/71	290.4	267.8	22.6	415.2	1.43
1971/72	289.5	272.4	17.1	432.3	1.49
1972/73	312.5	320.2	- 7.7	424.5	1.36
Amounts committed to projects as of March 31/73			182.7		
Uncommitted Allocations as of March 31/73			241.8		

FINANCIAL TERMS AND CONDITIONS

24. Terms of Canadian ODA loan commitments softened during 1972 since only four loans amounting to \$1.2 million or 0.7% of a total loan program of \$180.8 million were extended at Canada's harder terms of 3% interest, 7 years grace and 30 years maturity (see Table V). These loans had a grant element of 54.7%. The remaining forty-two loans committed during 1972 were extended at Canada's softest terms of 0% interest, 10 years grace and 50 years maturity. Forty-one of them were committed under bilateral agreements while one loan of \$5.0 million was committed to the African Development Bank.

25. In 1972, Canada continued to meet both alternatives A and B of the DAC revised terms recommendation for the degree of concessionality of official development assistance. The portion of the program provided in the form of grants rose to 67.7% in 1972 from 54% in 1971, thus approaching the standard of 70% set for the DAC grant test, and the weighted average grant element of the total program was 96.7%.

Criteria for appropriate terms and conditions

26. The financial terms of Canada's development assistance loans are broadly related to the economic circumstances of the borrower, in particular, its per capita income and foreign exchange earnings prospects in light of existing debt servicing liabilities. The appropriateness of the financial terms of Canadian development loans for each country is kept under continuing review. In practice, the majority of Canadian development assistance loans are extended on the softest terms of 0% interest, 10 years grace and 50 years maturity. In the case of the more economically advanced countries such as Malaysia, Trinidad and Tobago, and Jamaica, slightly harder terms of 3% interest, 7 years grace and 30 years maturity are employed. Canada has developed no special terms for the least developed countries; programs in these countries are a mixture of grants and loans at the softest terms available.

27. Canadian policy on terms is in line with the DAC Recommendation on Financial Terms and Conditions. Within consortia and consultative groups, Canada regards it as important that terms harmonization be discussed.

Debt Re-organization Operations

28. In 1972, Canada participated in the multilateral debt re-negotiations for Chile, India and Pakistan. Canada signed bilateral agreements providing debt relief to these countries that were in conformity with the terms of the multilateral agreements reached between the debtor countries and their creditors. The debt relief provided by Canada has taken the form of rescheduling of credits extended by the Export Development Corporation. In the case of India and Pakistan, which are important recipients of Canadian bilateral aid, the Canadian International Development Agency provided a separate grant to effectively reduce the consolidation interest rate on credits owing to the EDC to the level stipulated in the multilateral agreements reached between the country concerned and its creditors.

TABLE V

Financial Terms of Official Development Assistance in 1972

		<u>Commitments</u> <u>(\$ US million)</u>	<u>Percentage</u> <u>of Program</u>	<u>Average Grant</u> <u>Element %</u>
Grants and Advances		378.9	67.7	96.69
Development Loans		180.8	32.3	

<u>No. of Loans</u>	<u>Maturity</u>	<u>Grace</u> <u>Period</u>	<u>Interest</u>	<u>Amount</u> <u>(\$US mn)</u>	<u>Grant</u> <u>Element %</u>	<u>Average Grant</u> <u>Element %</u>
42	50	10	0	179.6	89.98	89.96
4	30	7	3	1.2	54.74	

29. During 1972, \$350,530 was disbursed to India for debt relief arising from previous negotiations, and \$869,134 was committed and disbursed in 1973, covering the 1972 agreement. For Pakistan, \$378,790 was committed in 1972 and disbursed in 1973.

Financial Terms Granted to Development Banks

30. During 1972 Canada made funds available to the Special Funds of three regional banks: the Asian, Caribbean and Inter-American Development Banks, and pledged \$15 million (Nov. 1972) to the newly created African Development Fund. During 1973, Canada will make a separate Cdn. \$5 million loan to the African Development Bank itself at 0% interest, 10 years grace and 50 years maturity in order to supplement the Bank's ordinary resources.

31. From 1964 to 1972, Canada committed Cdn. \$74 million in bilateral development loans to Latin American countries. These loans were administered by the Inter-American Development Bank and as part of Canada's membership agreement with the Bank, repayments on the loans will revert to the Bank.

On-lending procedures

32. In her bilateral loan agreements Canada does not make use of the two step loan procedure, nor stipulate that loans at concessional rates must be on-lent by the recipient government at the same concessional rate. Where loans to a recipient government are on-lent to a local development institution, Canada considers that, as a general rule, the rate charged to the local institution should be concessional, though it may be slightly higher than the original rate. It is expected that the development institution will in most cases on-lend to its clients at commercial or near-commercial rates.

33. In the case of the regional banks, Canadian contributions are on-lent at the regular rate set by each bank. Canada is a member of the Board of Directors of the Asian, Caribbean and Inter-American Development Banks, and of the African Development Fund, and therefore approves the interest rate charged.

Untying of Assistance

Bilateral Programs

34. There were no changes during 1972 in Canada's policy on the tying of bilateral assistance. The guidelines laid down in the 1970 Foreign Policy Review, which permit the untying of up to 20% of the total bilateral program, plus the payment of shipping and insurance costs, continue to apply. This policy permits more flexibility in project planning than did the previous authority under which no more than 25% of the cost of any project could be untied. In practice, this has meant that 100% of the cost of a project can

be untied for local cost financing in exceptional circumstances if the developmental benefits of the project or the economic circumstances of the recipient country so warrant. For that portion of the bilateral program which is tied to Canadian goods and services, there is a 66 2/3% Canadian content requirement.

35. As a result of the 1970 decision up to 50% of the total program can be untied since approximately 25% of the program is in the form of untied multilateral contributions. Appendix A discusses Canada's local cost financing policy in greater detail.

Multilateral contributions

36. With one exception, Canada provides contributions to multilateral financing institutions on a reciprocally untied basis so that procurement is untied to members, associates and other significant contributors who also untie their aid. This condition applies to contributions to the IDA, and to the Special Funds of the Caribbean Development Bank, the Inter-American Development Bank, and the African Development Fund.

37. In the case of Canada's contribution of \$25 million to the Special Fund of the Asian Development Bank, the final instalment of which was made available in fiscal year 1972-73, procurement has been restricted entirely to Canadian goods and services. In March 1973, however, this condition was relaxed to permit the financing of non-Canadian shipping and insurance costs, procurement in developing member countries and local cost expenditures. Negotiations for the second round of contributions are still under way.

AID ADMINISTRATION AND PROGRAMMING

Aid Administration

38. In 1972, the planning functions of CIDA (previously carried on by the Planning Branch) and those of project management (formerly performed by the Operations Branch) were formally integrated in the new Bilateral Programs Branch. Planning and operations officers for each bilateral program now operate in close consultation, under the supervision of Country Program Managers.

39. The closer integration of planning and project management has facilitated the implementation of development projects. Increased emphasis on lines of credit and commodity aid loans has had the same result.

40. At the same time, Policy Branch was strengthened and assigned the tasks of re-examining broad strategy for CIDA, analyzing and evaluating the Agency's activities and considering the development implications of issues in the field of commercial policy, international monetary policy and private foreign investment.

41. During the year a Management Improvement Services Division was created to develop and implement measures to enhance the efficiency of Agency management. The functions of this Division include those of providing CIDA management with advice and assistance in the introduction of new organizational structures and methods.

42. The growing program of development assistance administered by CIDA has required further increases in staff. In December, 1972, the Agency employed a staff of 843, slightly more than half of whom filled professional positions. Personnel and other administrative costs amounted to \$11.8 million, which was equivalent to 2.4% of total ODA disbursements. Aid administration overseas is a responsibility which is shared among officials of three departments: CIDA, External Affairs and Industry, Trade and Commerce. Of the approximately 80 persons engaged in this activity during 1972, half were CIDA representatives.

43. The Canadian International Development Board and the Interdepartmental Committee on Development Assistance, referred to in last year's memorandum, continue to be the major institutional devices for policy formulation and inter-departmental coordination. In addition, the Interdepartmental Committee on External Relations has undertaken a review of all foreign operations of the Government of Canada, focussing on mechanisms and procedures to improve policy coordination and functional integration in this area.

44. An innovative step in development cooperation was taken in October 1972 when the President of CIDA invited representatives of the international community to examine the future role of CIDA and Canada in development assistance. The format for this consultation, which avoided a set agenda and adopted an unstructured approach, contributed significantly to an open and frank dialogue which allowed all participants to share their problems and preoccupations. Though it was not the purpose of the conference to produce a series of concrete proposals for immediate action, the consultation has played an important part in shaping Canada's perspective on issues of development assistance.

Assistance Programming

45. In conjunction with the structural changes mentioned above, CIDA has begun to implement new programming procedures intended to achieve improved development impact, greater administrative efficiency, and more effective disbursement of funds. Consultants were engaged to study existing country program review procedures, to evaluate their content in view of the objectives defined for them, and to examine the country program review as a possible vehicle for meeting several new or broader objectives in the area of program development and implementation. After consultation with other government departments and study of the country programming procedures used by UNDP, IBRD and USAID, the consultants proposed new country programming procedures which were approved in 1972 for implementation in 1973. These procedures should provide the essential planning framework within which program and project officers can increase the development effectiveness of CIDA's activities.

Coordination with other donors' activities

46. Canada continues to coordinate its development assistance activities with those of other donors through informal consultation in the field and more formal discussions at headquarters. CIDA also cooperates with other donors in the joint financing of particular projects. In 1972 these included:

- (1) A Cdn. \$30 million project to build a dam, power station, and transmission lines on the Shashi River in Botswana, as part of the development of the mineral resources in the area co-ordinated by the World Bank,
- (2) provisions of casings and fillings for 3,000 tubewells to be used in an International Development Association irrigation project in northwestern Bangladesh,
- (3) a special bilateral contribution to an ILO Regional Employment Program for Latin America and the Caribbean,
- (4) cooperation with SIDA and IBRD in contributing to the Kidatu Hydro Electric Power Project in Tanzania, and
- (5) parallel financing, with the World Bank, of a hydroelectric power project in Guyana.

Geographic Distribution of Official Development Assistance

47. CIDA's bilateral program is administered through area divisions. Tables VI and VII show the amounts and percentages of bilateral commitments and disbursements by area.

48. If commitments and disbursements for international emergency relief are divided by area, the proportion of the total program concentrated in Asia increases, since Bangladesh was the major recipient of such relief. Asia, which is the area to which Canada's development assistance efforts were first directed, remains the major area of concentration. However, a sharp drop in disbursements to Pakistan as a result of the war in the subcontinent lowered both the total and the proportion of disbursements to the Asia region from 1971 to 1972. Similarly, the extension of two lines of credit totalling \$49.5 million to Malaysia in 1971 was not matched by another large commitment in 1972, with the result that total loan commitments for Asia decreased.

49. Francophone Africa and Commonwealth Africa both have growing programs. Commitments to major projects such as the Shashi power project in Botswana, the construction of storage silos in Algeria and provision of locomotives to Tunisia and harbour equipment to the East African Community suggest that the present level of disbursements will at least be maintained for the next several years.

TABLE VI

Bilateral Commitments and Disbursements by Area

(\$ US million)

	<u>Commitments</u>		<u>Disbursements</u>	
	<u>1971</u>	<u>1972</u>	<u>1971</u>	<u>1972</u>
<u>Asia</u>				
Grants	13.4	34.0	18.0	14.6
Food Aid	57.6	63.6	55.0	56.3
Loans	<u>115.6</u>	<u>64.9</u>	<u>91.0</u>	<u>76.2</u>
Subtotal	186.6	162.5	164.0	147.1
<u>Francophone Africa</u>				
Grants	24.1	19.8	21.6	27.6
Food Aid	8.7	11.3	7.8	12.8
Loans	<u>.7</u>	<u>30.9</u>	<u>13.9</u>	<u>17.6</u>
Subtotal	33.5	62.0	43.3	58.0
<u>Commonwealth Africa</u>				
Grants	16.1	16.1	15.7	17.4
Food Aid	3.0	4.1	4.5	4.2
Loans	<u>26.6</u>	<u>61.8</u>	<u>21.0</u>	<u>35.4</u>
Subtotal	45.7	82.0	41.2	57.0
<u>Commonwealth Caribbean</u>				
Grants	10.6	10.4	9.7	11.7
Loans	<u>5.8</u>	<u>1.5</u>	<u>4.2</u>	<u>3.9</u>
Subtotal	16.4	11.9	13.9	15.6
<u>Latin America</u>				
Grants	1.6	5.4	0.8	1.4
Loans	<u>2.7</u>	<u>16.5</u>	<u>8.5</u>	<u>10.8</u>
Subtotal	4.3	21.9	9.3	12.2
<u>Other Countries &</u>				
Miscellaneous Programs	3.1	11.5	7.7	12.0
International Emergency Relief	22.1	18.4	4.2	20.2
Non-Governmental Organizations	11.8	16.7	10.9	16.2
TOTAL	<u>323.5</u>	<u>386.9</u>	<u>294.5</u>	<u>338.3</u>

TABLE VII

Area Distribution of Bilateral Commitments & Disbursements
(% of total)

	<u>Commitments</u>		<u>Disbursements</u>	
	<u>1971</u>	<u>1972</u>	<u>1971</u>	<u>1972</u>
Asia	57.7	42.0	55.7	43.5
Francophone Africa	10.4	16.0	15.1	17.1
Commonwealth Africa	14.1	21.2	14.0	16.9
Commonwealth Caribbean	5.1	3.1	4.7	4.6
Latin America	1.3	5.7	3.2	3.6
Other countries and Miscellaneous Programs	1.0	3.0	2.6	3.6
International Emergency Relief	6.8	4.8	1.5	6.0
Non-Governmental Organizations	<u>3.7</u>	<u>4.3</u>	<u>3.1</u>	<u>4.8</u>
TOTAL	100.0	100.0	100.0	100.0

50. There was an increase in both commitments and disbursements in 1972 for the bilateral program in Latin America. Apart from the Cdn. \$74 million loan program administered by the Inter-American Development Bank from 1964 to 1972, Canada initiated in 1970 a bilateral grant program focussing technical assistance on four sectors: education, agriculture, forestry and fisheries. The program is concentrated in the Central American countries, Brazil, Columbia and Peru although other Latin American countries are also eligible.

51. The Commonwealth Caribbean program showed a drop in commitments and a levelling off in disbursements. In view of the relatively high per capita Canadian assistance which already goes to this area, the bilateral program in the Caribbean is expected to increase only gradually in the future.

52. Broadly speaking, the criteria for allocation of ODA remain those outlined in the Canadian Government's Foreign Policy Review of 1970 and discussed in the memorandum of that year.

53. Canada's development assistance program has been characterized by a relatively high degree of geographic dispersion, with bilateral programs in 84 countries. However, there have been significant areas of concentration, with 52% of the bilateral disbursements directed to 8 countries and 65% to 15 countries in 1972.

54. Since the wide distribution of funds has tended both to increase the administrative burden of operating the programs and to decrease their development impact, the Cabinet decided in 1972 that the future direction of CIDA's bilateral program should be toward a greater concentration of development assistance funds. It is expected that in 1973 a decrease both in the number of countries in which major continuing programs are mounted and in the total number of recipients of bilateral assistance will become apparent. Consideration is being given to replacing some of the small bilateral programs by contributions to specific multilateral and regional programs and in some instances by support to non-governmental organizations.

Least Developed Countries

55. In 1972, 10.9% of Canada's bilateral commitments and 12.0% of bilateral disbursements went to 18 countries in the group of 25 least developed countries identified as UNCTAD III. In response to the emphasis being placed in international forums on the specific problems of this group, CIDA established a task force in the autumn of 1972 to consider how to enhance its efforts to help the least developed countries in ways adapted to their particular needs. The official UN list of 25 represents a useful point of departure but CIDA does not expect to aid all, nor to limit specifically designed programs only to the countries identified on the list. It is recognized that there are other countries in Africa and Asia or in Latin America with economic and social conditions little different from those in the Group of 25 countries.

56. Consideration is now being given to specific bilateral initiatives which CIDA can take. CIDA is also considering ways in which its multilateral assistance to the least developed countries can be expanded either through special contributions to research organizations or by advocating more programs specifically designed for the least developed countries by multilateral or regional agencies. CIDA's Non-Governmental Organizations Division also has an important role in channelling Canadian assistance to these countries. In 1972 Canadian private non-profit organizations were active in 15 of the Group of 25 countries.

Distribution of aid by purpose

57. Table VIII indicates the categories of bilateral commitments during 1972. The pattern of distribution of funds among the various categories remains essentially unchanged from last year. In the agriculture sector, forest development studies in Honduras, Columbia and Mexico, and construction of storage silos in Algeria at a cost of \$18.2 million were the major projects.

58. Capital projects in the transport and communications sector made up 16.9% of total bilateral commitments in 1972. Major projects in this field included \$8.3 million for bridge construction in Indonesia, \$26.3 million for port equipment for the East African Harbours Corporation, and construction of airport facilities in Barbados (\$10.1 million) and St. Lucia (\$2.0 million).

59. The largest projects in the energy sector were \$4.4 million support for the Guyana Electricity Corporation, the Kidatu Hydro Electric Project in Tanzania (\$13.1 million), rural electrification schemes in the Dominican Republic (\$7.5 million) and Trinidad and Tobago (\$2.5 million) and supply and installation of the 5th and 6th generating units at Kainji Dam, Nigeria (\$13.1 million).

60. Social infrastructure projects made up 11.8% of total commitments. Education projects in Jamaica, Kenya, and the Leeward and Windward Islands, together accounted for slightly less than half of the commitments in the sector. Water supply projects in Ghana and Tanzania account for an additional \$28.3 million of commitments.

61. Food aid remains the largest sub-category of bilateral commitments, comprising 20.4% of total assistance in 1972. Bangladesh received more than \$24 million of this type of aid. India and Pakistan were the other major recipients, with commitments of \$13.1 million and \$12.1 million respectively. In March 1972, CIDA informed countries receiving food aid that the cost of ocean freight might be paid from the amount allocated at their request. More than \$9 million has been disbursed in this way.

TABLE VIII

Categories of Bilateral Commitments 1972¹⁾
(\$ US million)

	<u>Grants</u>	<u>Loans</u>	<u>Total</u>	<u>% of Program</u>
Total Program	211.2	175.7	386.9	100.0
1. Capital projects	43.5	118.0	161.5	41.7
a. agriculture	5.2	0.5	5.7	
b. transport & communications	13.0	52.2	65.2	
c. development of energy resources	2.8	32.0	34.8	
d. Indus Basin	3.9		3.9	
e. Industry	2.0	3.9	5.9	
f. social infrastructure	16.1	29.5	45.6	
g. unspecified	0.4		0.4	
2. Non project assistance	101.7	57.7	159.4	41.2
a. food aid	79.0		79.0	
b. emergency relief	18.4		18.4	
c. commodities, fertilizer & equipment	4.3	57.7	62.0	
3. Technical Assistance	66.0		66.0	17.1

1) Includes commitments made to Voluntary Agencies.

62. Of the \$18.4 million committed to emergency relief, more than 97% went to Bangladesh. This included shipments of wheat, rapeseed and rapeseed oil as well as such commodities as copper, sulphur, aluminum and potash. Other disbursements of emergency relief funds went to Nicaragua earthquake victims, Sudan displaced persons, and Burundi refugees.

63. Commodity loans and lines of credit continue to be an important form of non-project assistance, comprising 15.7% of the bilateral total. Major commitments of this kind included program loans of \$5.0 million and \$6.1 million to Ghana and Indonesia, and \$2.0 million support for the Tanzania Investment Bank.

Steps to Inform Public and Parliamentary Opinion on Development Questions

64. In line with the need expressed by the President of CIDA in 1971 to undertake a more concerted effort to involve the Canadian public and to respond directly and imaginatively to the growing requirements for information and education programs, the Agency's public information service has continued to develop and expand. CIDA now publishes two bilingual journals, "Co-operation Canada" and "Contact", which are distributed to some 25,000 persons in 100 countries.

65. The Agency has also continued its experimental development education program to promote an informed awareness of international development among Canadians in all walks of life. This program supported, on a matching basis, the activities of a wide variety of organizations working to involve Canadians in development through workshops, conferences, development of resource centres, production of films, and animation and exchange programs. The results of this program are being reviewed and a decision on its future development will be made in the very near future.

66. One initiative made under the Development Education Program has been the provision of funds to assist Learner Centres in 9 cities in Canada to become operational. These Centres have been sounding out the needs of their communities for information and presenting the ideas of development through seminars, workshops, videotapes, slides, publications and resource people. The Learner Centres have great potential as a way to fulfil the need for more information about international development.

67. In 1972, CIDA initiated a program of scholarships to enable young Canadians to further their studies in international development. Eight such awards were made in 1972. It is a requirement of these scholarships that part of the study be undertaken in a developing countries.

TECHNICAL ASSISTANCE

68. Disbursements for technical assistance increased from \$48.8 million in 1971 to \$65.6 million in 1972. The number of students and trainees from less developed countries supported by Canada declined slightly from 2,561 in 1971 to 2,474 in 1972 although, within this group, the number of students studying in third countries rather than Canada increased from 176 to 271. The number of advisers sent abroad increased from 388 in 1971 to 444 in 1972, while the number of educational personnel increased only marginally from

1,116 to 1,155. Increases in the numbers of educational administrators and advisers were partially offset by a decline in the number of general teachers. The reduced demand from developing countries for primary and secondary teachers was also reflected in the number of volunteers going abroad from Canada: in 1971 Canadian volunteers totalled 1,793 of whom 1,263 were teachers; in 1972 there were 1,365 volunteers, of whom only 809 were teachers.

Students and Trainees

69. The decline in the number of students and trainees in Canada reflects the recent emphasis on reducing the amount of general education offered in Canada in favour of more specialized training often directly linked to capital projects which Canada is financing. Three-quarters of the students supported during 1972 majored in economics, agriculture, engineering, medicine or science, while of the trainees one-quarter were receiving industrial training.

70. The group training programs at Canadian universities which were mentioned in last year's memorandum are being re-examined. Several of the programs previously offered have been terminated, although the three programs for students from Francophone countries continued into 1973. In future, it is expected that most group training programs will be conducted in the developing countries, either at existing institutions or through the creation of mobile training centres. Courses would only be offered in Canada for short periods of under six months and in specialized subjects.

71. Third country training, on the other hand, is becoming an increasingly important feature of Canada's technical assistance program. A total of 271 students were supported under third country training schemes during 1972; 130 of them under Canada's continuing program at the University of the West Indies; 60 in Asia at the Asian Institute of Technology and the University of the South Pacific, and 81 in Africa. Of the African students 37 were at CESTI in Senegal, while the remainder attended a variety of African universities under a Canadian scholarship program operated by the Association of African Universities which began in 1972.

Advisers and Experts

72. There has been an increasing emphasis on the provision of more specialized personnel, both as advisers and educational experts. The number of advisers in economic planning, public administration, and public utilities grew by 60% from 1971 to 1972, while the number of educational advisers and administrators more than doubled. An example of the demand for specialized assistance is a reforestation and erosion control project in Colombia through which Canada is providing an agronomist to advise on soil management and a forester to assist in forest management.

Recruitment

73. The demand for experts in some fields, such as economic planning, public administration and telecommunications, is so heavy that it becomes difficult to find individuals in these sectors who are available at the time required. CIDA does not employ on a permanent basis personnel who follow a career in technical assistance, nor does it send individuals overseas in lieu of military service. All technical assistance personnel provided by CIDA are recruited in response to specific requests which originate in the recipient countries.

74. In an attempt to match demand with available personnel, the Manpower Resources Division of CIDA maintains contact with the principal government departments (federal and provincial), universities, research institutions, para-statal agencies, professional associations, and major commercial and industrial concerns throughout Canada. Articles and advertisements dealing with technical assistance opportunities are placed in professional journals and officers of the Division participate in major professional conferences. A constant effort is made to bring the needs of CIDA and the developing countries for Canadian experts to the attention of individuals throughout Canada who may possess appropriate skills and experience. A computerized roster of suitable personnel is continually revised and up-dated.

75. No completely reliable technique exists for assessing the way an individual may perform under different climatic, cultural and social conditions. The methods presently used by CIDA in choosing technical assistance personnel involve obtaining as much information as possible from references, previous employers and professional associates. In addition, the candidate and his wife are interviewed by a board which tries to clarify any ambiguities in the data already available about their previous activities. Such a board typically consists of a specialist in recruitment; a CIDA officer familiar with conditions at the place of assignment; and an invited expert from the candidate's own profession. When circumstances permit, a representative of the country of service may also be included. The board tries by its questions to determine the likelihood of the candidate and his wife adapting satisfactorily to conditions at the place of work. All candidates for CIDA technical assistance assignments pass through the selection procedures described above. None are selected on the basis of personal files without an interview.

76. Details on candidates who appear to satisfy all selection criteria for a particular assignment are transmitted to the appropriate authorities in the recipient country. These authorities then advise CIDA which of the several candidates offered is preferred by them: if only one candidate is offered, they indicate if he or she is acceptable.

Briefing

77. Briefing is currently given to personnel on direct contract or secondment immediately prior to their departure. In many instances where a number of experts forming a team are supplied by a consultant or institution, they are not briefed by the Agency. Similarly, personnel engaged in capital

assistance, even if there is a training component in the project, are seldom briefed by CIDA. About 80% of technical assistance personnel are briefed before leaving Canada.

78. The Briefing Centre presents a program of approximately 85 hours during a ten day period, covering administration and job briefing, inter-cultural and cross-cultural communications, language training and country study. Wives are included in the briefing, and if there are sufficient teen-age dependents, a revised program is arranged for them in a separate group. Briefing for inter-cultural relations and cross-cultural communications is based on the work group, husbands being separated from wives during these sessions. Within the work groups extensive use is made of films and tapes for discussion purposes, and of role playing and simulation exercises. These are videotaped and played back. Two non-Canadians are usually incorporated in each group with a view to providing experience with different value systems and attitudes. Trained animateurs are being used on a more regular basis in this sector of the briefing.

79. A proposal now under consideration is to move some briefing courses to the country of destination or a neighbouring country. This method would give some reality to the discussions of the country and would provide a longer familiarization period before the teacher or advisor begins work.

Technical Co-operation Agreements

80. The majority of CIDA advisors and educational experts are sent overseas for a period of two years. In some cases, however, technical assistance personnel are needed for shorter assignments such as conducting a specific study. An important example of a project using personnel on short-term assignments is a \$1.1 million program of assistance to the Graduate Engineering Faculty of the University of Havana in Cuba. The aim of the project is to increase the number of high level engineering personnel and upgrade undergraduate instruction. Canada will provide instructors for 118 courses, lasting 3 to 5 weeks over three years.

81. It is expected that it will be easier to obtain well qualified personnel for short periods than for the usual longer assignment. This project is also notable for its administrative arrangements in that like the Nigerian project described in an annex to last year's memorandum, it is administered by the Canadian University Service Overseas (CUSO) not CIDA.

82. Another innovative project provides financing for the secondment of advisors from one developing country to another. A \$15,140 grant over three years will allow the Instituto Mixto de Ayuda Social (IMAS) in Costa Rica to contract with the Centro Paro el Desarrollo Economico y Social de America Latina in Chile to supply experts for its social action program. Canadian participation is limited to representation on the project's steering committee.

Integration of technical assistance and capital aid

83. During 1972, CIDA continued to emphasize integrated projects, and most capital assistance projects provided for the assignment of experts or advisers and training of local personnel, through courses offered in Canada, in third countries or on the job. Normally, the training is provided out of grant funds while the capital assistance is financed through soft loans. Two examples of integrated projects were the East African Harbours' Equipment Project and the provision of Twin Otter Aircraft to Nepal. A \$26.3 million loan to the East African Harbours Corporation for the purchase of equipment to improve the facilities at Dar-es-Salaam, Tanga and Mombasa will be accompanied by a \$504,694 grant to establish, equip, and staff new repair and maintenance facilities and to provide training of Harbours Corporation personnel in Canada. Two loans totalling \$2.52 million were made to Nepal in 1970 and 1972 to purchase four Twin Otter Aircraft, accompanied by grants totalling \$186,737 to provide pilot training, a ground school instructor and an aircraft engineer instructor.

Research

84. The main channel for Canadian assistance to research has been the International Development Research Centre. The Centre was created by Act of the Canadian Parliament in 1970 and has so far been entirely funded by Parliament, and grouped with appropriations for CIDA. In 1972, IDRC received \$8.08 million. However, it is an autonomous public corporation, with an international Board of Governors (including six from developing countries) who independently set its priorities and approve all projects.

85. During the 30 months from their inaugural meeting in October 1970 up to March 1973, the Governors approved 99 research projects which call for appropriations totalling \$13.4 million. The great majority of these projects are taking place in developing countries -- they are sited in some 60 countries -- and in nearly every case, the research is under the direction of research workers of that country or region. During the Calendar Year 1972, a total of \$4.48 million was committed in support of 43 research projects in the fields of agriculture, food and nutrition sciences; information sciences; population and health sciences; and social sciences.

86. A small amount of research has been supported with IDRC funds in Canada on the basis of this research being geared to the needs of developing countries. Often this has taken the form of a partnership between a Canadian institution and one in a developing country. One example is the cooperation between scientists in Newfoundland and in Upper Volta in research into biological means to control the blackfly vector of onchocerciasis. Another is the back-up support which the Technical Information Services of the National Research Council in Canada is giving to national services of industrial extension in Southeast Asia.

87. While there is little "core support" of research institutes in developing countries, most of the IDRC funds is supporting research that has been planned and is being carried out by workers in these institutes. IDRC opened two regional offices during 1972, in Singapore and Bogota, and will open one in Africa during 1973.

88. An important element in nearly every IDRC-supported project is the provision made for the training of younger scientists, either on-the-job with the research team or else for a period of time at an institution in Canada or elsewhere before returning to help in the particular project. For example, the \$797,600 allocated to a project in Senegal for the improvement of varieties of sorghum and for the improvement of farming systems in village communities, contains provision for 14 Senegalese scientists to study at Laval University. Considerable sums have been allocated for regional seminars and workshops to allow scientists from areas of the Third World to meet and exchange plans for research on subjects of common concern.

89. During 1972, the areas of IDRC support broadened to include projects in forestry and fisheries. Support has already been given to research in food processing and there is consideration of setting up a division specifically concerned with promoting industrial research for small businesses in developing countries.

90. A Human Resources program of awards for study and individual research in the field of international development had until 1973 been designed to draw more Canadians into this area of work. A new program of Research Associate grants for mid-career scientists in developing countries, which can allow them to spend a year in sabbatical study, has been introduced; numbers are at present limited to 11 a year.

International Research Institutes

Agricultural

91. CIDA provided the International Institute of Tropical Agriculture in Nigeria with \$749,000 as part of a five-year program. IITA activities included general research into soil and crop management on small multicrop farms in the humid and sub-humid tropics and work on maize and rice improvements.

92. CIDA also contributed \$469,365 to the International Centre for Tropical Agriculture (CIAT) in Colombia, and \$565,285 to the International Centre for Maize and Wheat Improvement (CIMMYT) in Mexico. Both projects will be allocated Cdn. \$3.25 million over 5 years and are funded by CIDA but managed by IDRC. These projects are supporting development of the hybrid cereal triticale and research to improve cassava as food for humans and feed for animals.

93. In 1972, the Consultative Group on International Agriculture Research, of which Canada is an active member, established the International Crops Research Institute for the Semi-Arid Tropics (ICRISAT) in India. Canada is also a member of the African Livestock Sub-Committee of the Group, which was seeking to establish an International Laboratory for Research on Animal Diseases.

Other Research

94. Canada contributed \$100,920 to the International Institute for Educational Planning which was established in 1962 in Paris to assist UNESCO members in the formulation and implementation of educational policies (in accordance with DAC(73)9, Annex 2, Section 4, only \$14,000 of this was reported to DAC as development expenditure).

95. CIDA also made a \$33,000 grant to the World Association of Industrial and Technological Research Organizations (WAITRO), based in Vancouver.

Bilateral Support

96. In addition to support of international research institutes and programs, CIDA through its bilateral program provided technical assistance and equipment for a number of national research institutes. For example, commitments of \$151,440 and \$232,200 were made to Peru in 1972 to provide the Instituto del Mar with a fish biologist and a mobile marine laboratory and the Instituto de Investigacion Agro-Industrial with an advisor, training in Canada and Peru, and two mobile training units.

PRIVATE SECTOR AND OTHER OFFICIAL FLOWS

Direct Investment

97. The book value of total Canadian direct investment in developing countries as a result of capital flows from Canada and the retention of earnings in LDCs, increased by \$176 million to \$1,755 million in 1972 compared to an increase of \$75 million in 1971.

98. The net capital flow from Canada to LDCs at \$81 million compared with a net disinvestment of \$1 million in the previous year when such flows were distorted by the \$54 million nationalization of Demerara Bauxite by the Government of Guyana. Capital flows to LDCs represented 21 per cent of all direct investment by Canada in 1972.

99. Preliminary estimates indicate that retained earnings rose to \$95 million in 1972 from \$76 million in 1971.

Foreign Investment Insurance

100. The Foreign Investment Insurance Division of the Export Development Corporation became operational on October 1, 1969 for the purpose of assisting Canadians in protecting their interests abroad against the political risks of inconvertibility, expropriation and war, revolution and insurrection. Any legal entity carrying on business activities in Canada can obtain coverage for new investments in developing countries providing there are advantages to the economy of both Canada and the host country. Coverage is available for up to 150% of the original investment less a co-insurance ratio of 15% or 25% depending upon the size of the original investment. The Export Development Corporation investment insurance premium rates have averaged approximately 1% per annum for coverage of all three risks.

101. At the end of 1972, the Corporation had signed insurance contracts totalling \$8.8 million in maximum coverage, had \$35.1 million of approvals outstanding and an additional \$84.0 million in applications accepted for a total of \$119.1 million of insurance coverage.

Business and Industry Division

102. The Business and Industry Division of CIDA was established to encourage and support the active participation of Canadian business and industry in the economic development of developing nations through direct investment in joint ventures.

103. The Pre-investment Incentive Program, which was introduced in 1971, helps Canadian companies to defray some of the costs of investigating investment opportunities abroad. The Starter Study program provides financial assistance to enable Canadian businessmen to carry out preliminary visits to developing countries where specific investment opportunities exist, with CIDA's contribution limited to Cdn. \$2,500 per visit. A total of 73 Starter Studies has been approved since the program was introduced.

104. If a more detailed investigation is warranted, a Feasibility Study may be approved. CIDA contributes up to half the cost of such a detailed investigation to a maximum of Cdn. \$25,000. Thirteen Feasibility Studies have been approved over the past two years: three in Asia, six in Latin America, and four in Africa. Disbursements for both types of study from the beginning of the program until the end of 1972 totalled \$111,188. The program has resulted in the establishment of a Cdn. \$2.5 million electronics manufacturing facility in Malaysia by a Canadian electronics firm.

105. The Division is now placing more emphasis on project identification abroad, and on gathering and disseminating information on investment opportunities to Canadian industry. This activity includes the development of contacts abroad through liaison visits to meet senior representatives of the financial and business community, development banks, and government departments and agencies in developing countries. It also involves a close

liaison role with the Canadian business community to provide information and advice on investment opportunities.

Portfolio Capital

106. Separate data on Canadian dollar loans by Canadian banks to LDCs are not available. The net increase of \$164.0 million in bank loans to LDCs, which compared with a flow of \$123 million in 1971, was all in foreign currencies. (This flow was not reported in 1971 because prior to 1973 there was insufficient information to calculate banking flows). The geographical distribution of loans, which are preponderately to Western hemisphere countries, is similar to that of direct investment. A large portion of these loans was probably in medium-term Euro-currency credits provided by syndicates which included Canadian banks. Sharp increases in these types of transactions with developing countries have been a general feature of the Euro-capital markets in the recent past - particularly in 1972.

107. The explanation for the drop in Canadian investment in "other long-term assets" from \$54.0 million in 1971 to zero in 1972 is that the 1971 figure was an non-recurrent transaction which represented the acquisition of Guyana government bonds as compensation for the expropriation of Demerara Bauxite.

108. Canadian Government action which could affect the provision of portfolio capital to LDCs was taken on May 25, 1972, with the amendment of the guidelines instituted in 1966 and 1968 governing capital outflow.

109. The first guideline, introduced in March 1966, requested all Canadian investors, individuals and corporations, not to acquire "off-shore" securities issued by U.S. companies and their foreign subsidiaries for sale outside the United States. In March 1968, financial institutions were asked not to increase their foreign currency claims on residents of countries other than Canada or the United States unless such an increase was accompanied by an equal increase in the total foreign currency liabilities to such countries.

110. The changes announced in May 1972 are as follows:

- (i) Securities in Canadian dollars issued by the governments or the central banks of the LDCs are exempted from the 1966 guideline.
- (ii) Canadian dollar term loans by financial institutions made to or guaranteed by the governments or central banks of the LDCs are exempted from the 1968 guidelines.
- (iii) All new export financing by banks and other financial institutions designed to facilitate Canadian exports is exempted from the 1968 guidelines.

111. These actions have not yet had a significant impact on Canada's transactions with LDCs. No direct or guaranteed security issues of foreign governments or central banks on the Canadian capital market were triggered by the new regulations. This was not surprising in view of the relatively high cost of new issues in the Canadian capital market in 1972 compared with non-Canadian markets.

Export Credits

112. Commitments of official export credits to the developing countries increased considerably, from \$104 million in 1971 to \$283.7 million. This increase took place despite the fact that, during 1972, the Export Development Corporation was somewhat limited in its financing operations because the total amount of buyers' credits outstanding was close to the EDC Act legal ceiling of Canadian \$850 million. However, in April 1973, the ceiling for these credits was increased by Parliament from Cdn. \$850 million to Cdn. \$1.5 billion, thus allowing the Corporation to continue its planned expansion.

113. Disbursements to developing countries on official export credits amounted to \$109.3 million in 1972 compared with \$49.9 million in 1971, an increase of 82 percent. In addition, there was a net disbursement of \$4.8 million to provide for the refinancing of notes due on official export credits. Net OOF disbursements to developing countries were equivalent to 85 percent of total OOF to all countries in 1972. The rest was disbursed on export credits extended to developed countries.

114. The sector that benefited the most from official export credit activity in 1972 was transportation with total commitments of \$98.7 million. Other sectors were manufacturing industries with \$63.8 million, the electricity sector with \$62.2 million, the communications sector with \$31.0 million and mining and quarrying with \$21.4 million. The regions receiving the greatest amount of new export credits in 1972 were Central and South America with 57% of the total new OOF committed, and Europe with 31 percent.

115. Private export credits officially guaranteed in the lender country, with a maturity of more than one year, tend to fluctuate widely from one year to the other. For example, net disbursements on this category of credits stood at \$84.1 million in 1971 but dropped to minus \$8.8 million in 1972. Gross disbursements were, however, \$61.0 million in 1972.

116. In 1972, approximately 40 percent in value of E.D.C. export credits to developing countries carried an interest rate of 6.99 percent and lower, compared with only 13 percent in 1971. The relatively more favourable financial terms granted in 1972 reflect largely a keener international competition in the field of export credits. The Corporation operates as a purely commercial organization and follows the market, insofar as its average lending rates are concerned.

117. The EDC carefully examines and evaluates the creditworthiness of borrowing countries, before new export credits are extended. This economic analysis made by EDC's Economic Department relies on information provided by the borrowing countries, by international private sources, by international institutions such as the IBRD and the IMF and also by the Berne Union. This type of evaluation also includes a study of the benefits to the economy of the borrowing country in general, in the case of substantial projects.

118. In addition, the Export Development Corporation maintains a very strict control of the economic viability of the projects. A new department has recently been created by EDC to assess each project from a purely technical point of view. Only projects which are financially viable and will bring a reasonable rate of return on the investment, are financed by EDC.

119. Most of the financing extended by EDC is to public bodies in the borrowing countries. In each instance, EDC insists on obtaining a guarantee from the Central Bank or when this is not possible from another central authority, e.g. the Development Bank or the Ministry of Finance. In the instances where loans are extended to the private sector, a financial guarantee from the borrowing country is invariably required. During 1972 about 2/3 of new EDC loans were extended to public bodies and the remaining 1/3 was officially guaranteed in the borrowing countries.

Non-Governmental Organizations

120. In recent years, private organizations have concentrated increasingly on development assistance rather than on missionary and relief activities. It is estimated that over \$700 million, most of it untied, flows to the Third World through non-governmental channels annually. Canadian agencies contributed some \$61 million to this total, of which \$7.3 million was allocated to these agencies by CIDA.

121. The growing concern of Canadians for the problems of developing countries and the potential offered by the non-governmental organizations prompted CIDA to create its NGO program in 1968. Its main objectives are:

- (1) to stimulate NGO development efforts, on a matching-grant basis, so that Canada's total aid effort is increased and enhanced;
- (2) to tap the experience and expertise available in the private sector;
- (3) to encourage Canadians to become involved in international development in practical and tangible ways and to create an informed public awareness of, and greater support for, Canada's aid effort.

122. NGO projects supported by CIDA have contributed to development primarily in four ways: by channelling resources to regions in the developing countries and to sectors such as health, vocational training, and cooperatives, which tend to be neglected by governments, multilateral and bilateral donors; by actively involving people in the developing countries in their own development and thus encouraging self-reliance; by strengthening local institutions and indigenous efforts for development; and by tapping local and other resources which would not normally be available for development purposes.

123. Through its funding action and development participation program, the NGO Division has had a major impact on the number of private agencies involved in international development. A 1963 report by the Canadian Council for International Co-operation stated that about 20 Canadian NGOs were involved in international development. By the end of 1972, more than 120 groups were active.

124. Another result of the NGO program has been the involvement of many more Canadians, individually and through voluntary agencies and community groups, in Canada's international development effort. A new sense of involvement in international development has encouraged many Canadians to take initiatives for development in their own communities as well.

125. Several private agencies in Quebec, for example, are raising funds for health and housing projects in Haiti and the Dominican Republic by conducting newspaper and bottle drives. To dramatize the plight of the people they are helping, the agencies organize hunger vigils and film programs about the developing world.

126. In a different field, several Canadian cooperatives and credit union associations are helping to establish similar agencies in developing countries. Last year CIDA provided grants for credit union projects sponsored by the National Association of Canadian Credit Unions in Papua and New Guinea, by the Federation des Caisses Populaires Desjardins in Upper Volta and Cameroon, and by the Cooperative Union of Canada in Upper Volta.

Canadian University Service Overseas (CUSO) and Canadian Executive Service Overseas (CESO)

127. CUSO was created in 1961, as a response both to the needs of the developing countries, and to the desire of young Canadians to learn by working in development projects. CUSO has become an integral part of Canada's over-all development effort and has undertaken special assignments in Nigeria and Bangladesh. Financially, CIDA's contribution to CUSO is more than matched by the developing countries in salaries, accommodation and other local costs and by Canadian universities and institutions who contribute facilities and services essential for recruitment purposes. In 1972, CIDA committed \$6.9 million to CUSO, which fielded 1,186 volunteers.

128. The main change taking place in the CUSO program is a movement toward the selection of more professional and qualified personnel and away from the relatively untrained graduates who went out as volunteers in the early days.

129. CESO was created on CIDA's initiative to involve the business and industrial community more actively in international development and to harness its creative energies to international tasks. Initially it was intended to use the services of retired executives, but in recent years CESO has turned more and more to "middle level" management personnel and this trend is likely to continue. The number of CESO personnel who went abroad in 1972 totalled 179, compared to 162 in 1971.

130. CESO personnel are performing a variety of functions ranging from assisting a government agency in Algeria to organize and establish seven plants to process hard wheat into local "pasta", to advising a Philippine furniture manufacturer how to set up and operate a kiln dryer.

ANNEX A

Memorandum of Canada Annual Aid Review 1972

LOCAL COST FINANCING

1. The Canadian International Development Agency has a long-standing policy which recognizes the importance of contributions toward the local costs of development projects in specific areas of the developing world where internal circumstances limit the government's capacity to employ local resources. In the past, this policy has been applied particularly to Francophone Africa, but more recently, and especially since the review of Canadian foreign policy completed by the Cabinet in 1970, the policy has been broadened to include other developing regions, as the need arises, without rigid a priori distinctions among countries.

2. Bilaterally financed local costs are ordinarily treated by CIDA within the scope of its overall untying authority, which permits up to 20 per cent of total annual bilateral allocations of Canadian official aid funds to be untied for projects and programmes of particularly high development priority. While there can be many different sources of claims upon these potentially untied funds, it has been CIDA's policy to accord the highest priority to those involving requests for the funding of local costs. The policy also provides for the use of counterpart funds, arising from the sale of Canadian-supplied food and commodities, to finance the local costs of projects or programmes agreed to by Canada and its developing partners. With one exception¹, no constraints are placed by Canada on the procurement policies of any of the multilateral institutions to which it contributes.

3. No restrictions have been made as to the proportion of the local costs of a given project or programme which may be financed under this policy. In practice, this means that some projects are financed almost completely with local funds.

4. CIDA has attempted to use its authority to provide local funds in an imaginative fashion. Thus, for example, in a recent technical teachers' college project in Kenya, a project whose total cost amounts to \$9.4 million, it was agreed that the design for the buildings should be prepared by a local architect experienced in Kenyan construction techniques. In addition, the total cost of the construction, which is of the order of \$2.1 million, is being funded by local-cost financing, and \$1.5 million worth of equipment for the schools procured locally, so that it is compatible with existing equipment. Such an arrangement ensures maximum direct, as well as indirect impact on the local economy, and, at the same time, reduces the overall cost of the project, thus freeing development assistance funds for high-priority employment in other projects or programmes.

¹ The exception is the special fund of the Asian Development Bank. This tying stipulation was placed thereon in December 1968, at a time when it was a common practice among donors.

5. A second example concerns Canada's participation in school construction in the Caribbean, where experience with schools manufactured under Canadian supervision, to Canadian design, from Canadian materials, suggested the need to consider alternative approaches. A pilot project was therefore undertaken in 1971 in which local contractors, using local materials, built a school unit under the supervision of the local ministry of public works. The success of this experiment encouraged CIDA and the local government to agree recently to a \$7 million programme for the construction and furnishing of schools, with up to 100% Caribbean materials, design, and services. In the event, most governments have opted for a Canadian design and for Canadian supervision of the actual construction, but local costs continue to constitute approximately one-half of the entire project, and in some cases, represent the totality of expenditures for individual schools.
6. In other instances, concern for the direct impact on the local economy, and for the optimal use of scarce development assistance funds, has led to the use of local materials and services which would in the normal course of events have been supplied from Canada. Beyond this, in one project, a decision was made to gear up a local industry to produce equipment it had not previously been manufacturing. This is the case of a harbours project in the East African Community, a major project for which up to \$2 million has been allocated to permit the local manufacture of certain floating craft.
7. In all of the examples cited of CIDA's local cost financing activity, a number of factors have played a role. In each case, considerations of the state of employment in the local economy, the suitability of local materials and skills, the overall cost of the project, and the existence of a local manufacturing and technical capacity, were examined. However, beyond this, it cannot be said that local-cost financing has caused special problems as compared to other forms of aid; indeed, in many instances, it has facilitated the speedy completion of a project within its budget.
8. As to control arrangements, in most instances the local authorities have some form of procedure for ensuring that funds made available for local-cost financing are used for the purchase of local goods and services. In those countries for which this is not true, the procedure has been to require a tendered bill of quantities for work on the project to be supported by information from local suppliers and contractors.
9. Finally, it might be noted that there is no explicit limitation of tendering on untied projects to local suppliers only. In general, these suppliers have a considerable cost or suitability advantage over those in third countries. That this is not exclusively the case may however be demonstrated by a project carried out in Costa Rica which involved CIDA's support of a Chilean team to act as consultants to the Costa Rican government.

ANNEX B

CIDA POLICY TO ALLEVIATE UNEMPLOYMENT

1. The Canadian International Development Agency (CIDA) recognizes the gravity of the problem of unemployment and underemployment in the developing countries, and its relation to poverty and human welfare. These concerns are reflected in CIDA policies, both in its bilateral programmes and in its support of multilateral institutions, as detailed below. The mechanisms are mostly indirect, and the total effort may not seem commensurate with the seriousness of the issue. However, too simplistic an approach to the problem must be avoided; CIDA, like other aid agencies, must pursue a well-rounded development strategy in which employment considerations are measured together with other factors (for example, competitiveness in world markets, efficiency and speed of completion of projects, the balance between advanced and labour-intensive technologies, etc.), and on which domestic as well as external considerations impinge (for example, limitations on unttying, local-cost financing, etc.). Looking ahead, one may expect employment considerations to affect CIDA policy more directly in the future, for example, in project appraisal and evaluation techniques, and throughout the country programming exercise.

2. At present, the geographical allocation of CIDA funds is not based simply on severity of unemployment, but on a number of factors. Nevertheless, the revealed selection of countries of major Canadian involvement coincides in large measure with such a choice. The low-income countries that are the focus of Canadian aid face severe unemployment problems, and, in addition, the special programmes contemplated for the category of least-developed countries will have a specific bias towards employment generation.

3. Similarly, the choice of sectors for concentrated attention has employment implications. The decision to concentrate on the agricultural sector was based on many factors, but one expected benefit is in the area of employment generation. Likewise, rural electrification, by facilitating small-scale industry, affects the balance between population, output and employment.

4. The project selection criteria applied by CIDA include the impact on employment. For example, the bilateral Project Review Committee recently considered the employment effects of:

- (1) assistance to the food technology division of I.I.A.
(Peruvian Institute de Investigation Agro-Industrial);

and (2) a fisheries feasibility study in Trinidad and Tobago.

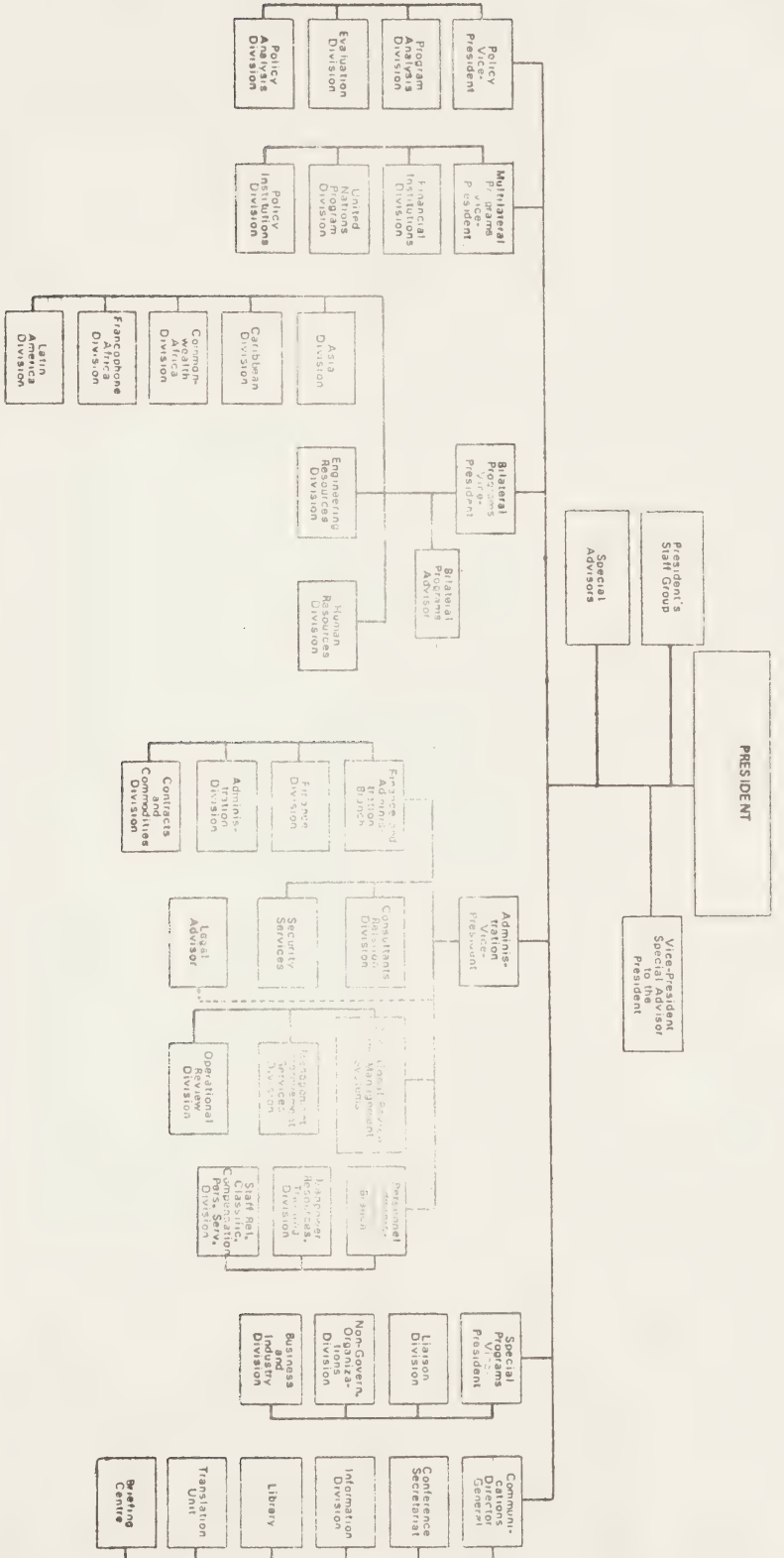
But factors other than employment must also be taken into account. There is no conflict when, for example, the shadow-price applied to foreign exchange when appraising a port development project in India reinforces employment concerns. In another case, however, the need for

efficient and speedy operation dominated the employment-displacing effects of increased mechanization of the East African Harbour System.

5. In addition, Canada has extended assistance through multilateral channels. A special grant of \$245,000 was made to provide the services of two Canadian economists to the ILO Regional Employment Programme for Latin America and the Caribbean. This Canadian participation gave tangible support for ILO efforts to develop the capacity of individual countries of the region to define and carry out policies and projects that will lead to a higher level of productive employment. CIDA is studying with interest the IBRD report on employment in Trinidad and Tobago and the recommendations of an OAS mission to identify new employment-generating projects in Barbados and to restructure existing projects in that country in a way that will improve their immediate impact on employment opportunities. An official of the Central Mortgage and Housing Corporation participated in the formulation of the recommendations of the OAS mission in the field of housing. Through participation in these multilateral activities, CIDA expects to gain increased understanding of specific unemployment problems as well as policy measures to ameliorate the situation, which will in turn enhance the bilateral approach in the future.

6. The Canadian contribution to employment-oriented research is mainly through its major support of the International Development Research Centre (IDRC). The IDRC has, for example, completed a study of the social and economic impact of changes in rice farming methods in 13 areas of Asia; the study examines various effects on employment, as well as changes in land-holding, productivity and incomes. In Latin America, IDRC has given support to the Andean Pact Council for research into appropriate policies on science and technology; this has included the examination of ways of substituting indigenous skills and production in agro-business and low-cost housing. Furthermore, IDRC research in the transfer and choice of technology will be expanded in the future.

7. In conclusion, it should be emphasized that many of the effects on unemployment are indirect (see the examples cited in the Annex on Local-Cost Financing) and that CIDA's policy is based on more factors than consideration of employment, although it is certainly an important factor.



Canadian International
Development Agency

Agence canadienne de
développement international

OCTOBER 1973



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Annual Aid Review 1973

Memorandum of Canada to
the Development Assistance Committee
of the Organization for Economic
Cooperation and Development, September 1974





The Development Assistance Committee

The Development Assistance Committee (DAC) of the Organization for Economic Cooperation and Development (originally called the Development Assistance Group) was formed in 1960 to provide a meeting place where donors of bilateral assistance to developing countries could consult together and exchange views on common problems.

The DAC now has 17 members, including the Commission of the European Communities. DAC countries are together responsible for more than 90 per cent of the total flow of development resources to the low-income countries.

The DAC itself is not a development agency. It has no development funds of its own, but stimulates a common effort among its member nations. It has been notably instrumental in encouraging members to improve Official Development Assistance (ODA) flows, to accept minimum agreed aid target levels and to improve the terms of development cooperation, bearing in mind the debt-servicing capacities of recipient countries.

One of the DAC's most important activities is the Annual Aid Review. At this meeting each member government submits its development assistance performance during the past year and its prospects for the future to detailed cross-examination by the Committee. The country under examination circulates a Memorandum, the OECD Secretariat makes a report on the basis of the memorandum and a visit to the reporting country, and prepares a set of questions for the examination in consultation with two other DAC members. These candid confrontations are designed to be as forward-looking as possible, with emphasis being laid in each year's Review on one or more specific aspects: in 1974, agricultural production in the developing countries and responses to the energy crisis.

The following document is Canada's Memorandum submitted to the DAC in July 1974. (A glossary of terms will be found at the end.)

MEMORANDUM OF CANADA
TO THE
DEVELOPMENT ASSISTANCE COMMITTEE
OF THE
ORGANIZATION FOR ECONOMIC
COOPERATION AND DEVELOPMENT

ANNUAL AID REVIEW 1973

July 1974

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NOTE: All figures in the text, unless otherwise stated, are in US\$ using an exchange rate of U.S.\$ 1- Cdn\$ 0.9907 for 1972 and U.S.\$ 1- Cdn\$ 1.0005 for 1973.

PART I - EFFORTS AND PERFORMANCE IN 1973

Introduction

1. Total net flows of Canadian financial resources to developing countries reached a level of \$1,104.6 million or 0.93 per cent of Gross National Product in 1973, compared with \$1,015.4 million or 0.98 per cent of GNP in 1972. Disbursements of Official Development Assistance (ODA) increased slightly from \$492.1 million in 1972 to \$514.9 million in 1973 or 0.43 per cent of GNP. ODA commitments increased by 54.1 per cent over 1972 to a new high of \$888.9 million in 1973.

2. As mentioned in last year's memorandum, following the CIDA President's International Consultation in October 1972, a comprehensive review of CIDA's Development Assistance Program and policies was undertaken to devise a "strategy" for the years 1975-80. This exercise, involving not only CIDA but also other government departments, was considered to be Canada's part of the United Nations' overall assessment of results at the mid-point of the Second Development Decade. During 1973, as part of the exercise many interested groups, including Non-Governmental Organizations (NGOs) active in the field of international development, businessmen's groups, labor groups, cooperatives, and universities, were consulted for their views on development cooperation. CIDA employees at all levels participated in the broad analysis of CIDA policies and programs. An additional international consultation was held in December 1973, at which representatives of Latin-American governments and organizations and officers of the federal government reviewed the role of future Canadian cooperation in that area. While much basic and essential work was done in 1973, the strategy exercise has taken on a new relevance in the light of international events late in 1973 and 1974. CIDA is considering a re-orientation of the aid program to face more directly the critical problems of food and energy, taking specific account of the plight of the most vulnerable developing countries and of those groups within the developing countries who have benefitted least from current development assistance programs. It is expected that the decisions arising out of this review of current policies will be taken in the second part of 1974.

3. During 1973, CIDA participated to a greater extent in interdepartmental discussions and decision making concerning the non-aid areas of Canadian relations with developing countries, and began to build up internal expertise in trade and monetary matters. CIDA is now a member of the interdepartmental standing committees on commercial policy and on low-cost imports. Consideration of the Development Assistance Program by other governmental departments continues to be exercised through the Canadian International Development Board (CIDB) and the Interdepartmental Committee on Development Assistance.

4. Legislation was passed by Parliament on April 13, 1973 to implement a generalized system of preferences which came into effect July 1, 1974.

VOLUME

5. Net disbursements of financial resources from Canada to the developing countries in 1973 rose from \$1,015.4 million in 1972 to \$1,104.6 million in 1973. This represents a decrease in the percentage of GNP from 0.98 per cent to 0.93 per cent.

Official Development Assistance

6. ODA disbursements increased by 4.6 per cent from \$492.1 million in 1972 to \$514.9 million in 1973, representing a decrease in the percentage of GNP from 0.47 to 0.43. The bilateral portion of the program, which comprised 67.8 per cent of the total program increased by 3.3 per cent, while the multilateral portion increased by 7.7 per cent. Bilateral project aid almost doubled, from \$34.8 million to \$68.7 million, while there were slight decreases in technical assistance and food aid disbursements. The apparent dramatic decrease in emergency relief payments, from \$20.2 million to \$4.9 million, is explained by the fact that Canadian relief efforts to the Sahel were channelled primarily through project and Food Aid.

7. The relatively small increase in disbursements results mainly from the timing of aid flows. The increase from fiscal year 1972-73 to fiscal year 1973-74 in ODA disbursements was \$77.5 million or 15.2 per cent, rising from \$506.0 million to \$584.5 million; the increase for the calendar year was only \$22.8 million. In the last quarter of 1972-73 disbursements were lower than the average for the previous three quarters, whereas the last quarter of FY 1973-74 had disbursements much heavier than average. Thus the calendar year gives a somewhat misleading picture of the Canadian ODA effort.

8. ODA commitments, on the other hand, increased substantially, a 54.1 per cent rise from \$559.7 million in 1972 to \$887.7 million in 1973. Bilateral grant and loan commitments increased by 77.3 per cent and 161.5 per cent respectively. Seven countries received loan commitments in excess of \$25 million: Pakistan, \$76.7 million; India, \$71.4 million; Indonesia, \$69.2 million; Tanzania, \$40.5 million; Zaire, \$36.0 million; Algeria, \$33.0 million; Tunisia, \$26.5 million. The increase in commitments is the result of a major effort within the bilateral program to commit funds within the pipeline.

TABLE I

Comparison of Net Flows of Canadian Financial Resources to
Developing Countries
(Millions of U.S. dollars)

	Amounts		Percentage of GNP		Commitments	
	1972	1973	1972	1973	1972	1973
	\$	\$			\$	\$
TOTAL FLOWS	1,015.4	1,104.6	.98	.93	843.3	1,299.9
1. Official Development Assistance (ODA)	492.1	514.9	.47	.43	559.7	888.9
A. Bilateral Total	338.3	349.4			386.9	687.1
a) Grants	194.4	199.5			211.2	227.6
Projects	34.8	69.6			47.4	80.1
Technical Assistance	65.5	58.6			66.0	62.4
Food Aid	73.4	65.2			79.0	82.3
Emergency Relief	20.2	4.9			18.4	2.8
Debt Relief	0.4	1.2			0.4	-
b) Development Loans	143.7	149.9			175.7	459.5
B. Multilateral Total	153.7	165.5			172.8	201.7
a) Grants	43.8	53.6			51.7	56.8
b) Loans	0.3	-			5.1	10.0
c) Capital Subscription Payments	88.1	81.7			82.7	91.9
d) Contributions to Special Funds of Development Banks	21.5	30.2			33.3	43.0
2. Other Official Flows	114.1	76.1			283.6	412.2
A. Official Export Credit	109.3	67.8			277.0	401.2
B. Refinancing Loans	4.8	8.3			6.6	11.0
3. Private Flows	355.3	435.2			-	-
4. Voluntary Agencies ²	54.0	78.4			-	-

NOTES: ¹Figures for GNP are: 1972 - \$103.922 million; 1973 - \$118.618 million.

²CIDA commitments and disbursements to voluntary agencies are included in bilateral grants.

9. Multilateral commitments, which represent the amounts which will be made available for disbursements in 1974, totalled \$201.7 million, an increase of 16.7 per cent over 1973. Unlike 1972, there were no major new commitments except one of \$6.7 million to the Fund for Special Operations of the Asian Development Bank.

Other Official Flows (OOF)

10. Net disbursements for Other Official Flows decreased by 33.3 per cent from \$114.1 million to \$76.1 million, because of lags in the drawdown from commitments of official export credits. A total of \$8.3 million was disbursed for loans to reschedule or refinance export credits to Chile, India, Pakistan and the Philippines.

11. Commitments of Other Official Flows increased from \$283.5 million to \$412.2 million, or 45.3 per cent, with the majority of the commitments being made to Central and South American countries. Table II indicates the geographic distribution of OOF disbursements and commitments in 1972 and 1973.

Private Flows

12. Disbursements for Private Flows increased by 22.5 per cent from 1972 to 1973. Although net disbursements of export credits by non-monetary institutions were a negative amount, (minus \$19.8 million), increases in the acquisition of long-term capital assets by private monetary institutions more than compensated for the decrease in Export Credits and direct investment by private non-monetary institutions.

Sources of Funds for the Aid Program

13. Canada's official development assistance program is funded through annual appropriations approved by the federal Parliament. Table III shows the level of appropriations and authorizations for ODA for the fiscal years 1973-74 and 1974-75.

The Pipeline

14. Since the major portion of CIDA appropriations are voted on a non-lapsing basis, a sizeable pipeline of undisbursed funds, both committed and uncommitted, grew up during the early years of the program when appropriations far outstripped disbursement capabilities. As disbursements have now increased to the level of and above appropriations, the pipeline has begun to decrease.

TABLE II

Other Official FlowsBilateral Commitments and Disbursements by Area

(Millions of U.S. dollars)

	<u>Disbursements</u>		<u>Commitments</u>	
	<u>1972</u>	<u>1973</u>	<u>1972</u>	<u>1973</u>
Europe	33.9	42.1	88.4	36.7
Middle East	30.4	7.1	10.1	24.6
Asia	(-0.1)	3.4	17.9	26.1
Africa	2.0	2.2	5.4	85.0
Caribbean	(-0.4)	12.1	18.7	8.4
South America	33.8	6.9	118.6	154.0
Central America	<u>14.5</u>	<u>2.3</u>	<u>24.6</u>	<u>71.9</u>
	114.1	76.1	283.7	406.7

TABLE III

Official Development Assistance
Appropriations and Authorizations
Fiscal Years 1973-74 and 1974-75
(Millions of Cdn. dollars)

	<u>1973-74</u>	<u>1974-75</u>
<u>Bilateral</u> - Grants	138.4	144.2
Food Aid	53.8	80.8
Loans	<u>164.2</u>	<u>163.5</u>
Sub-total	<u>356.4</u>	<u>388.5</u>
<u>Multilateral</u>		
Grants (including Food Aid)	57.2	63.6
Loans	5.0	15.0
Capital Subscription Payments	79.4	88.8
Contributions to Special Funds of Development Banks	<u>32.0</u>	<u>38.8</u>
Sub-total	<u>173.6</u>	<u>206.2</u>
Non-Governmental Organizations	20.7	23.7
International Development Research Centre	14.0	19.0
Scholarships for Development Studies	.2	.5
Incentives to Canadian Private Investment	<u>.1</u>	<u>.2</u>
Total ODA Appropriations	<u>565.0</u>	<u>638.1</u>

TABLE IV

The Pipeline

Non-Lapsing Grants, Loans and Food Aid

(Millions of Cdn. dollars)

Fiscal Year	Allocations	Disbursements	Difference	Cumulative Undisbursed Cash Balance at Year-End	Cumulative Undisbursed Cash Balance as a Proportion of Allocations
1968-69	238.1	160.0	78.1	342.1	1.44
1969-70	277.8	215.5	62.3	404.4	1.46
1970-71	313.3	284.3	29.1	433.5	1.38
1971-72	327.4	299.9	27.5	461.0	1.41
1972-73	366.1	365.5	0.6	461.6	1.26
1973-74	414.1	420.5	-6.4	455.4	1.08

Amounts committed to projects as of March 31, 1974 183.7

Uncommitted allocations as of March 31, 1974 271.5

15. Table IV shows the status of the pipeline March 31, 1974. The figures in this table are slightly different from those shown in last year's memorandum, since in Table IV the non-lapsing portion of the multilateral program has been included in both allocations and disbursements. It was felt that this presents a more realistic picture of the CIDA's position, since the non-lapsing grant and loan funds are voted in total by Parliament and then allocated internally between the bilateral and multilateral programs, subject to interdepartmental and Cabinet approval. This inclusion results in a slight increase in the pipeline in 1972-73, but a decrease in 1973-74.

16. The proportion of allocations represented by the undisbursed cash balance also dropped to 1.08. Of the Cdn. \$455.2 million in the pipeline as of March 31, 1974, \$183.7 million was committed to specific projects, while \$271.5 million was uncommitted though allocated to countries or regional funds.

Medium Term Prospects

17. For the first time, a disbursement ceiling has been set for CIDA by the Cabinet as part of the overall fiscal framework. For FY 1974-75 the ceiling is \$733 million. This level is significantly higher than the appropriated level of ODA which is \$638.1 million, and there will, therefore, be a further reduction in the pipeline. It is expected that in future, Cabinet will continue to set annual levels of disbursements for CIDA. In spite of this, there has been no change in the Canadian government's position on achievement of the 0.7 per cent target for ODA. As part of the strategy exercise mentioned in the Introduction, a study is being conducted on the implications of achieving the target during a period when GNP is growing at a rate significantly higher than the relatively stable 9 per cent growth rate at the beginning of the decade.

FINANCIAL TERMS AND CONDITIONS

18. Terms of ODA loan commitments hardened slightly in 1973 since seven loans, totalling \$19.0 million or 4 per cent of total loan commitments of \$469.5 million, were extended at Canada's harder terms of 3 per cent interest, seven years grace and 30 years maturity, compared with only four loans amounting to \$1.2 million in 1972. Canada has only two sets of loan terms and the remaining 53 loans committed during 1973 were extended under the softer terms of no interest, 10 years grace and 50 years maturity.

19. The average grant element of total ODA commitments in 1973 dropped slightly from 96.7 per cent in 1972 to 94.1 per cent, but still met the new Terms Recommendation adopted by the DAC in October 1972, which called for an average grant element in commitments of at least 84 per cent. The proportion of the program provided in the form of grants, however, fell from 66.7 per cent in 1972 to 47.1 per cent in 1973 as a result of the large number of loan commitments made in 1973. While this large increase in the loan portion of commitments will affect the breakdown of ODA disbursements in future years, grants still comprised the largest portion, (70.9%) of total disbursements in 1973.

Criteria for appropriate terms and conditions

20. In accordance with the DAC recommendations, Canada relates the financial terms of development assistance to the circumstances of the individual recipient. The appropriateness of the terms for each individual country is kept under review, in particular with the advent of the energy crisis. During 1973, the majority of Canadian loans were extended on the softer terms described above, while Trinidad and Tobago, Jamaica and Turkey signed loan agreements at the harder terms of 3 per cent interest, 7 years grace and 30 years maturity.

21. There are no special Canadian terms for the group of least developed countries; they receive a mixture of grants and loans at the softer terms. Most large Capital Assistance Projects are financed by loans rather than grants even in the least developed countries. Since the grant element of these softer loans is 90.3 per cent, Canada's assistance to these countries meets the DAC recommendation even for the few countries such as Tanzania and Niger which received a high proportion of loan assistance in 1973.

Debt reorganization operations

22. During 1973, Canada participated in multilateral debt re-negotiations for India, Pakistan and Bangladesh, however, no new bilateral agreements were signed. Disbursements under bilateral agreements with India and Pakistan amounted to \$869,134 and \$378,790 respectively. These grants were to reduce the interest rate on credits owing to the Export Development Corporation (EDC) to the level stipulated in the multilateral agreements reached between the country concerned and its creditors. In February 1974, a one-year extension to the Pakistan agreements was signed, covering the period July 1973 to July 1974.

Untying of Assistance

23. During 1973 there were no changes in Canadian policy on the tying of bilateral assistance. Up to 20 per cent of the total bilateral program can be untied, in addition to shipping and insurance costs which are also untied. Nor was there any alteration to the Canadian Content Policy, which requires that the goods purchased under the tied portion of the bilateral program maintain 66 2/3 per cent Canadian content.

24. Much of the untying authority is exercised through local cost financing, which in effect provides the country with supplies of foreign exchange which are untied with respect both to procurement and use. In assessing the need for local financing, the most important criterion is the overall economic position of the country, with particular reference to the capacity to mobilize domestic savings and foreign exchange. The group of least developed countries are more likely to receive local cost financing than are countries that have larger foreign exchange reserves. A second criterion is the priority attached to the project itself. Canada considers that local cost financing may help to avoid transferring inappropriate capital technologies. In some cases up to 100 per cent of the cost of a project may be untied for local cost financing. One such project committed in 1973 provides \$480,000 to fund a short-term upgrading course

TABLE V

Financial Terms of Official Development Assistance in 1973

	<u>Commitments</u> <u>(Millions of U.S. dollars)</u>		<u>Percentage</u> <u>of Program</u>		<u>Average Grant</u> <u>Element Percentage</u>	
Grants and Advances	419.3		47.2)		94.1	
Development Loans	469.5		52.8)			
<u>No. of Loans</u>	<u>Maturity</u>	<u>Grace</u> <u>Period</u>	<u>Interest</u>	<u>Amount</u> <u>(U.S.\$ mln.)</u>	<u>Grant</u> <u>Element</u>	<u>Average</u> <u>Element</u>
53	50	10	0	450.3	93.34)	88.9
7	30	7	3	19.2	55.20)	

in mathematics and science for students entering the University of Botswana, Lesotho and Swaziland and 24 training awards at the university.

AID ADMINISTRATION AND PROGRAMMING

25. The principal administrative change which occurred within CIDA during 1973 was the creation of the Human Resources Division, formed by the amalgamation of the Training Division, which handled the placement of CIDA and U.N. sponsored students and trainees in Canadian universities, with the Manpower Resources Division, which previously was responsible for the recruitment of Canadian advisers and teachers going abroad. In the new division, which is part of the bilateral branch, sector units deal with both students and advisers specializing in fields such as agriculture, health and education. As an experiment two area resource units have been set up for Latin America and Francophone Africa. These units work closely with the bilateral area division and cover all sectors of technical assistance to the area. Since these units only became operational recently, it is too early to judge whether this is a more effective way of administering technical assistance than the sector units. The new division is also trying to develop closer links with Canadian universities, in order to better assess the availability of personnel for advisory positions and to facilitate the placement of students in the most appropriate institutions.

26. The staff of CIDA continued to grow as the Development Assistance Program increased in size and complexity. In December 1973 the CIDA employed a staff of 908, and personnel and other administrative costs amounted to \$14.3 million, equivalent to 2.8 per cent of ODA disbursements. The number of aid representatives overseas in embassies and high commissions increased to more than eighty, excluding Canadian representatives at the OECD, United Nations and Inter-American Development Bank who deal with aid matters. Over half of the aid representatives are CIDA employees, with most of the remainder provided by the Department of External Affairs and a few by the Department of Industry, Trade and Commerce.

27. In assistance programming, the major innovation was the introduction of a more systematic approach to country programming for countries in which a continuing program is mounted, and for regional programs. A major feature of the new system, which involves a rolling five year country program, is close consultation with the recipient countries to determine the areas of priority which can be matched by Canadian capabilities. The first round of country programming was, of necessity, a trial run, and because of time constraints, there was less consultation with the recipient countries than is desirable. Moreover, the size, scope, and orientation of Canadian aid programs cannot be accurately determined without taking into account overall Canadian foreign policy objectives, and more emphasis will be placed in future country programs on the total Canadian effort in individual countries. Despite these initial difficulties, however, the country programs have proved to be a more comprehensive and useful means of planning the nature of the development assistance program than the previous program reviews.

MULTILATERAL ASSISTANCE

28. Multilateral assistance has assumed an increasing importance in the Canadian program rising from 22.7 per cent of disbursements in 1970 to 31.2 per cent in 1973. This increase in disbursements has been accompanied by a broadening of the number and type of institutions receiving assistance.

Multilateral Financial Institutions

29. By far the largest recipient of multilateral funds has been the International Development Association (IDA). In 1973, Canada disbursed the final instalment amounting to \$61.6 million of a three year pledge to IDA's third replenishment. The original pledge was for \$150 million over three years but the 1973 payment included maintenance of value on it and previous payments. In 1974 the first payment, \$69.0 million, of a four year pledge of Cdn \$276 million to IDA's fourth replenishment, will be made. Canada has announced its intention to make its first two instalments available for commitment in advance of the due date if IDA should find itself in need of resources. There were no disbursements or commitments to the International Bank for Reconstruction and Development (IBRD) in 1973.

30. In addition to the IDA contribution, Canada is giving increasing support to regional and sub-regional institutions. Capital subscription payments totalling \$20.1 million were made to the Asian Development Bank (\$4.7 million) the Inter-American Development Bank (\$14.5 million) and the Caribbean Development Bank (\$0.9 million). Capital subscription payments to these institutions will continue at the same levels in 1974 but with adjustments for maintenance of value arising from the devaluations of the U.S. dollar.

31. Canada also made contribution to the Special Funds of these institutions. A payment of \$21.8 million to the Inter-American Development Bank represented the second instalment of a three year pledge. Two instalments amounting to \$2.0 million were paid to the Caribbean Development Bank, representing the 1972-1973 and 1973-74 instalments of a four year commitment. In 1974, in addition to the 1974-75 instalment of that commitment to the Caribbean Development Bank, a payment of \$1.7 million will be made, the first instalment of a three year pledge of Cdn. \$5 million. Payments to the Asian Development Bank amounted to only \$0.8 million which represents the 1973 draw-down from Canada's earlier tied contribution. (It was not paid in the form of cash or notes directly to the Bank but remains within the CIDA pipeline and therefore disbursements are counted only as claims are made against it). In 1974-75, Canada will pay \$6.7 million to the Asian Development Bank Special Fund as the first part of a two-year Cdn. \$10 million contribution.

32. Canada was one of the major participants in the creation of the African Development Fund in July 1973, and contributed \$5.6 million as the first instalment of a three year pledge. Although no non-African nations can be members of the Bank at present, they can be on the Board of Governors of the Fund, where Canada is represented. A loan of \$5 million at Canada's softest terms of no interest, 10 years grace and 50 years maturity, was extended to the Bank in 1973. The loan is similar to a bilateral line of credit with disbursements being made from the loan after the Bank commits the money to specific projects.

33. Negotiations for the first multilateral loan to a sub-regional institution were begun in 1973, leading to an agreement in 1974 to loan \$5 million at no interest, 10 years grace and 50 years maturity to the Andean Development Corporation (ADC), a Bank geared mainly to the promotion of industrial development investments. Unlike the loan to the African Development Bank, this loan was disbursed in total to the ADC on signing the loan agreement.

34. A new feature of the loan agreement with the ADC is the provision that the funds generated by the difference between the terms of Canada's loan and the less concessionary on-lending terms of the Corporation and by the interest on the undisbursed balance of the loan on deposit will be used to establish a Technical Assistance Program for the Corporation which will include financing additional Canadian and Andean Group consultant services for project feasibility studies. Canada continues to make special contributions to technical assistance funds of regional banks. In 1973, \$60,000 was disbursed to the Caribbean Development Bank for a technical assistance program for agronomy and engineering and \$10,000 to the Asian Development Bank Technical Assistance Fund. Commitments of \$1.5 million and \$0.7 million were made to the Inter-American Development Bank and the African Development Bank respectively for technical assistance, but no disbursements were made in 1973.

35. Two major policy objectives have been pursued with regard to the program of the multilateral financial institutions. The first is to encourage the Banks to allocate their concessional resources to the least developed member countries. The second is to support recent moves in these institutions to place greater emphasis on social considerations in their program such as a greater concern for job creation and for the use of techniques and technologies adjusted to local circumstances and needs.

Multilateral Grant Assistance

36. Canada's program of grant contributions to international organizations has been growing both in volume and complexity. The major United Nations development assistance funds, the United Nations Development Program (UNDP), the World Food Program (WFP), and the United Nations Children's Fund (UNICEF), remain the major recipients, receiving \$20.3 million, \$19.9 million and

\$1.9 million respectively. The contribution to the WFP consisted of \$4.4 million in cash and \$15.5 million in food supplies. These programs are all growing and Canada expects to continue support of them as a major contributor.

37. There has nevertheless been an effort to diversify the type of institutions supported through the program by seeking out effective programs of high developmental impact. A number of agricultural research projects have been supported, details of which are given in Part II. The Multilateral Assistance Program has been the main channel for assistance to population and family planning programs. Contributions totalling \$4.5 million were made in 1973 to four agencies; the International Planned Parenthood Federation, the UN Fund for Population Activities, the W.H.O. Population Program and the Organization for Economic Co-Operation and Development (OECD) Population Program.

38. Canadian contributions to a number of other programs have also grown. The contribution to the Commonwealth Fund for Technical Co-operation has risen from \$200,000 in 1970 to \$1.2 million in 1973. More attention is being paid to programs for refugees. A grant of \$80,000 was made to the United Nations Consolidated Educational Training Program for Southern Africans and \$120,000 to the International University Exchange Fund while \$70,000 was committed to the Commonwealth Training Fund for Rhodesian Africans.

GEOGRAPHICAL DISTRIBUTION OF BILATERAL OFFICIAL DEVELOPMENT ASSISTANCE (ODA)

39. The criteria for the allocation of bilateral ODA remain those outlined in the Canadian Government's 1970 Foreign Policy Review, namely:

- the specific economic needs of the countries and the availability in Canada of the kinds of resources required to meet those needs
- the ability of the developing countries to utilize Canadian resources effectively
- the level and types of aid available from other donors
- the extent to which Canada can influence the recipient countries' economic performance through its aid program; and
- the political importance attached to economic development in different countries, and the historical ties which Canada has with specific countries.

40. As part of the strategy exercise, the criteria for allocating funds are being reviewed, as is the question of the number of recipients. Although 52 per cent of disbursements in 1973 went to only eight countries, there were disbursements to 88 countries, including six of the associated states of the West Indies. It has been recognized that this wide dispersion of funds can lead to administrative difficulties and reduce the developmental

TABLE VI

Bilateral Commitments and Disbursements by Area
(Millions of U.S. dollars)

	<u>Commitments</u>		<u>Disbursements</u>	
	<u>1972</u>	<u>1973</u>	<u>1972</u>	<u>1973</u>
<u>Asia</u>				
Grants	34.0	27.5	14.6	36.0
Food Aid	63.3	52.4	56.3	49.4
Loans	64.9	261.7	76.2	77.5
Subtotal	<u>162.5</u>	<u>341.6</u>	<u>147.1</u>	<u>162.8</u>
<u>Francophone Africa</u>				
Grants	19.8	30.0	27.6	27.1
Food Aid	11.3	23.4	12.8	13.2
Loans	30.9	114.6	17.6	20.7
Subtotal	<u>62.0</u>	<u>168.0</u>	<u>58.0</u>	<u>61.1</u>
<u>Commonwealth Africa</u>				
Grants	16.1	29.1	17.4	20.0
Food Aid	4.1	4.9	4.2	1.7
Loans	61.8	55.2	35.4	31.1
Subtotal	<u>82.0</u>	<u>89.2</u>	<u>57.0</u>	<u>52.8</u>
<u>Commonwealth Caribbean</u>				
Grants	10.4	11.0	11.7	7.6
Loans	1.5	23.1	3.9	5.9
Subtotal	<u>11.9</u>	<u>34.1</u>	<u>15.6</u>	<u>13.5</u>
<u>Latin America</u>				
Grants	5.4	8.1	1.4	4.2
Food Aid	-	-	-	1.0
Loans	16.5	-	10.8	9.7
Subtotal	<u>21.9</u>	<u>8.1</u>	<u>12.2</u>	<u>14.9</u>
<u>Other Countries &</u>				
Miscellaneous Programs	3.4	8.3	3.9	7.7
International Emergency Relief	18.4	2.9	20.2	4.9
Non-Governmental Organizations	16.7	20.9	16.2	17.6
International Development				
Research Centre	<u>8.1</u>	<u>14.0</u>	<u>8.1</u>	<u>14.0</u>
TOTAL	<u>386.9</u>	<u>687.1</u>	<u>338.3</u>	<u>349.4</u>

TABLE VII

Percentage Distribution of Bilateral Commitments and Disbursements by Area

	<u>Commitments</u>		<u>Disbursements</u>	
	<u>1972</u>	<u>1973</u>	<u>1972</u>	<u>1973</u>
Asia	42.0	49.8	43.5	46.6
Francophone Africa	16.0	24.3	17.1	17.5
Commonwealth Africa	21.2	13.0	16.9	15.1
Commonwealth Caribbean	3.1	4.9	4.6	3.9
Latin America	5.7	1.2	3.6	4.3
Other Countries and Miscellaneous Programs	0.9	1.2	1.2	2.2
International Emergency Relief	4.8	0.4	6.0	1.4
Non-Governmental Organizations	4.3	3.1	4.8	5.0
International Development Research Centre	<u>2.1</u>	<u>2.1</u>	<u>2.4</u>	<u>4.0</u>
TOTAL	100.0	100.0	100.0	100.0

impact of the Canadian program, and a Cabinet decision was taken in 1972 to reduce both number of countries in which major programs are mounted and the total number of recipients. Because of the carry-over of previous commitments, and small technical assistance projects, there has been no reduction apparent in the statistics for 1973, but it is expected that a number of the smaller bilateral programs will be phased out in 1974.

41. Tables VI and VII show the amounts and percentages of bilateral commitments and disbursements in 1972 and 1973 by the areas which CIDA uses to divide the program.

42. The program in Asia remains CIDA's largest, with both commitments and disbursements comprising almost half of the bilateral totals. The apparent increase in disbursements from 1972 to 1973 is slightly misleading, since most of the emergency relief was extended to Bangladesh in 1972. Increases in loan disbursements to Bangladesh, Pakistan and Indonesia offset a drop in loan disbursements to India. Although commitments of grants and food aid fell slightly, there was a sharp increase in total commitments as a result of a more than fourfold increase in loan commitments. Asia is the principal region to which lines of credit and commodity loans are extended, and \$177 million of the \$261.7 million new loan commitments in Asia were in this form.

43. In accordance with the policy guidelines of the Foreign Policy Review, the program in Francophone Africa has been expanding rapidly since 1970 and commitments, forming 24.3 per cent of the bilateral total, more than doubled from 1972. Increased grants and a special food aid Program for the Sahel accounted for some of the increase but the principal rise was in loan commitments with a telecommunications project in Zaire accounting for \$36.0 million and two lines of credit of \$15.0 million each to Algeria and Tunisia.

44. Both commitments and disbursements to Commonwealth Africa countries fell in terms of percentages of the total program. This decrease is primarily a matter of the timing of commitment negotiations and the phasing of project disbursements. Unlike Asia and, more recently, Francophone Africa, none of the loans to Commonwealth Africa are relatively fast disbursing lines of credit or commodity loans and therefore the disbursements are spread out over a number of years. It is expected that over the long term the Francophone and Commonwealth African programs will maintain approximately the same share of the program.

45. The Commonwealth Caribbean program showed a slight drop in disbursements but a large increase in commitments which will be reflected in disbursements in the future. The principal recipients of new loan commitments were Barbados and Guyana.

46. There were no new loan commitments to Latin American countries

during 1973 from the Cdn \$74 million loan fund administered by the Inter-American Development Bank*. This fund was almost fully committed by the end of 1973, and new guidelines for the bilateral program, which would permit direct bilateral loans had not been approved during 1973. The bilateral program has consisted only of grants for technical assistance, with the principal recipients being Brazil, Colombia, Peru and the Central American countries. Disbursements amounted to \$4.2 million in 1973. In June 1973, however, the President of CIDA, Paul Gérin-Lajoie, announced that Latin American countries would receive an increasing amount of Canadian assistance, and the dimensions of an expanded program are now being worked out in consultation with other departments.

Least Developed Countries (LLDCs)

47. In 1972, 11.8 per cent of Canada's bilateral commitments and 11.6 per cent of bilateral disbursements went to 19 countries in the group of 25 least developed countries. The internal task force set up in late 1972 produced a report during 1973 and a number of its recommendations are now being incorporated into the planning process. In particular, it is felt that Canadian assistance should focus on certain sectors such as rural development, transportation and resource identification, but that the selected measures must be fitted to the specific circumstances and priorities of individual countries or regions.

48. Two regional groupings of LLDCs have been recognized by CIDA to be areas of special effort, and administrative units were set up during 1973 to plan and administer the aid programs in these two areas: Botswana, Lesotho and Swaziland, and the Sahelian zone. Although both these areas contain countries not included in the official UN list of 25, nevertheless it is felt that there are advantages to a regional approach which can deal with problems common to all the members of that region.

49. In the Sahelian Zone, Canadian efforts during 1973 were primarily focused upon relieving the immediate effects of the drought through the provision of food aid and relief supplies, and transportation for these commodities. The relief effort has been conducted through all Branches of the Agency. Bilateral food aid worth \$6.8 million was donated to the region and an airlift with two Hercules aircraft was mounted for six weeks under the auspices of the FAO. Canada also gave thirty trucks with spare parts to be operated by the UN for six months and then transferred to the countries of the region. A grant of \$299,850 was made to the special Sahelian Zone Trust Fund of the FAO through the multilateral program, and an equal amount went to the International Red Cross and Canadian voluntary organizations through the non-governmental organizations program. At the same time a task force was established in CIDA for long-term planning of Canadian assistance to the region. The major thrust in the future will be to

* There was one loan of \$1.9 million extended to Nicaragua but loans are only counted as commitments by CIDA when the signed loan agreement is returned to the Agency. In this case, the agreement was returned after the statistics were compiled.

alleviate the longer-term effects of the drought through assistance toward agriculture, irrigation and transportation in co-ordination with the efforts of other donors and in close consultation with the recipients.

Assistance to the oil producing countries

50. Canada gave assistance to six of the oil producing developing nations in 1973; Indonesia, Nigeria, Algeria, Ecuador, Trinidad and Tobago and Gabon. The flows totalled \$34.3 million, or 9.8 per cent of bilateral disbursements, with \$16 million in the form of grants and \$18.3 million as loans. Commitments to these six countries were a higher proportion of the bilateral total, 17.4 per cent and totalled \$117.9 million, with only \$12.9 million as grants and \$104.5 million as loans. Except for a small loan to Trinidad and Tobago, at Canada's harder terms of 3 per cent interest, seven years grace and 30 years maturity, the new loan commitments, which were negotiated before the increase in oil prices, were extended at Canada's softer terms. As part of the Strategy exercise, the terms of Canadian loans are now under review.

DISTRIBUTION OF AID BY PURPOSE

51. Table VIII indicates the categories of bilateral commitments during 1973. There was a slight absolute decrease and a significant proportional decrease in technical assistance commitments which represented only 9.0 per cent of total commitments, as opposed to 17.1 per cent to 1972. Project and non-project assistance represented 44.5 per cent and 46.4 per cent of total bilateral commitments compared with 41.7 per cent and 41.2 per cent in 1973. It should be noted, however, that it is not always possible to separate out the whole technical assistance component of an integrated project at the commitment stage and thus technical assistance commitments are understated.

Project Assistance

52. Projects for the development of public utilities, power, water supply, communications and transportation comprised almost half of all project commitments in 1973. The major projects in the energy sector were for the construction of Stage VI of the Kundah hydro power plant in India, transmission equipment for the Tarbela - Lyallpur project in Pakistan, and transmission lines in Tunisia, a study of power systems rehabilitation in Bangladesh and a seminar on power systems planning held in Malaysia.

53. Projects for the development of water systems totalled \$30.4 million in commitments. A loan of \$20 million was signed with Tanzania to construct a major water supply system for Dar-es-Salaam, while a study of water and sewerage systems was conducted in Belize.

TABLE VIII

Categories of Bilateral Commitments 1973

(Millions of U.S.dollars)

	<u>Grants</u>	<u>Loans</u>	<u>Total</u>	<u>Percentage</u>
	\$	\$	\$	of Program
TOTAL PROGRAM	227.6	459.5	687.1	
1. Project Assistance	53.4	252.3	305.7	44.5
a. Planning & Public Administration	2.4		2.4	
b. Power Development	3.8	25.9	29.7	
c. Water Supply	6.8	23.6	30.4	
d. Communications	1.5	85.5	87.0	
e. Transport	8.9	66.9	75.8	
f. Agriculture	4.6	18.6	23.2	
g. Industry Mining & Construction	2.4	12.9	15.3	
h. Education	8.5	18.0	26.5	
i. Health	7.9	-	7.9	
j. Other	6.6	1.9	7.7	
2. Technical Assistance	62.4		62.4	9.1
3. Non-Project Assistance	111.8	207.2	319.0	46.4
a. Food Aid	82.4	10.0	91.2	
b. Emergency Relief	2.9	-	2.9	
c. Commodities	11.0	118.2	129.2	
d. Lines of Credit	-	79.0	79.0	
e. Other	15.5	-	15.5	

54. Because of Canada's considerable expertise in the fields of communications and transportation, CIDA's policy has been to respond favorably to requests for assistance in these sectors, especially from countries facing problems that Canada itself had to face in the past. In 1973, the major telecommunications commitment was a loan of \$36.0 million to Zaire, the other two commitments in this field being a loan of \$8.0 million to Bangladesh for the construction of an earth satellite station and a loan of \$5.0 million to Turkey for telephone equipment. Commitments for transportation projects were more numerous and included a loan of \$10.0 million to construct the Seawell International Airport in Barbados, two loans totalling \$6.0 million to Zambia for the purchase of railway cars, a combination loan and grant of \$7.7 million to Senegal, Mali and Mauritania for the purchase of aircraft and training and a major loan for \$25.0 million to the civil aviation sector in Indonesia, an umbrella financing agreement for a five year period out of which projects in the civil aviation sector, some identified by a sectoral study financed by CIDA, will be financed.

55. Commitments to Industry, Mining and Construction including forestry totalled \$15.3 million in 1973. Canada's policy in the forestry sector has been to encourage the rational exploitation of these renewable resources and long-term planning for the sector. In 1973 CIDA agreed to help Indonesia plan a forestry vocation school, to study forest resources in Guyana, Ghana and Peru, and to construct a manufacturing plant for glue-laminated wooden beams in Burma. CIDA also arranged to provide Malaysia with expert advice in the establishment of a forestry faculty, and assigned a forestry adviser to implement a Canadian-designed regional development plan.

56. The policy behind most of CIDA's early mining projects was to concentrate on the initial stage of gathering raw data, usually by such means as aerial mineral surveys or mapping. Recently, however, CIDA has become involved in follow-up action. A successful example is CIDA's assistance to copper mining in India at the Khetri mine of Hindustan Copper Ltd. A group of Canadian hardrock miners went in 1973 to work with their Indian counterparts at the mine face. Output rose sharply, and the Indian miners generally managed to maintain this increase after the Canadians moved to other areas of the mine. In 1973, CIDA agreed to help Tanzania (assistance to the State Mining Corporation), and Colombia (mining training at SENA), as well as to undertake various topographical mapping and aerial survey projects in Guyana and Ghana.

57. The principal project commitments in the education sector to be financed by loans were \$4.2 million for a technical training college in Kenya and \$13.0 million loan to supply textbook paper to Indonesia over five years as part of an IBRD education project. In the Leewards and Windwards Islands, a school construction project is being financed out of grant funds.

58. In the health sector, emphasis is being laid on the development of rural health programs, in particular public health, nutrition and prevention of communicable diseases. The only bilateral assistance in the field of export promotion was a commitment of \$245,000 over two years to the Inter-American Centre for the Promotion of Exports. The grant will be used for the provision of experts' services, a study tour of Canada and the publication of a book on export promotion. Assistance to population programs, as well as to agriculture is detailed in Part II.

Non Project Assistance

59. Food Aid is dealt with in detail in Part II. Commitments of commodity loans and lines of credit, the other two major types of non-project assistance, grew significantly from 1972 to 1973. Canada regards these instruments as a useful means to meet the needs of developing countries for certain key raw materials and manufactured goods and to free scarce foreign exchange reserves for other priority imports. Commodity loans, which are limited to a specific list of purchases, are more restrictive than lines of credit from which any purchases can be made apart from commodities on a prohibited list. The main recipients of both these types of loan are in Asia: India, Pakistan and Indonesia, but in 1973 three lines of credit were made available to Algeria, totalling \$15 million at Canada's softer terms, as CIDA's portion of an overall \$100 million Canadian credit to Algeria, of which the Export Development Corporation contributed \$50 million and various Canadian banks the remaining \$35.0 million.

TECHNICAL ASSISTANCE

60. Technical assistance disbursements decreased from \$65.6 million in 1972 to \$58.6 million in 1973 reflecting a significant decline in the number of advisers and educational experts sent abroad from 1,599 in 1972 to 1,369 in 1973. There was a slight increase from 2,203 to 2,245 in the number of students and trainees from the developing countries educated in Canada. The number of third country trainees and students financed by Canada increased from 271 to 322. Table IX indicates the sources of students and trainees and the placement of advisers and teachers by area. The number of volunteers going abroad from Canada increased from 1,365 in 1972 to 1,471 in 1973 but only 761 of these were teachers compared to 809 in 1972.

Students and Trainees

61. As the number of students given general education in Canada has decreased there has been a compensating increase in the number of students and trainees undertaking specialized courses as part of an integrated project. Eleven telecommunications engineers, for example, are receiving upgrading training with Bell Canada as part of a project to assist Peru in developing an integrated telecommunications network. Often these courses can be specifically arranged with other government

TABLE IX
GEOGRAPHICAL DISTRIBUTION OF TECHNICAL ASSISTANCE

	Students	Trainees	Teachers	Advisers	Third Country Students
Asia	251	77	48	31	69
Francophone Africa	534	163	565	136)	118
Commonwealth Africa	468	289	282	173)	
Commonwealth Caribbean	126	269	67	45	135
Latin America	13	55	8	25	
Other				9	
TOTAL	1,392	853	970	419	322

TABLE X
Advisers and Teachers by Specialty

<u>Advisers</u>						
	Asia	F. Africa	C. Africa	Caribbean	L. America	UN & FAO
Economic Planning	1	21	38	6	4	
Public Administration	3	22	41	11	8	5
Public Utilities	9	10	39	10	5	
Industrial Management	7	13	16	8	5	
Trade	-	11	5	-		4
Agriculture	5	25	30	8	7	
Health	5	33	2	2		
Social Services	1	1	2	-	1	
TOTAL	31	136	173	45	25	9
<u>Teachers</u>						
Teachers						
Primary/Secondary	7	337	48	10		402
University	9	81	51	7		148
Teacher Training	5	13	43	16	3	80
Technical/Vocational Institutes	21	61	65	21		168
Educational administrators	6	41	38	9	3	168
Educational Advisers	-	32	37	4	2	75
TOTAL	48	565	282	67	8	970

departments, institutions or industries, and tailored to fit the needs of the students or trainees, as with the project just described. In another project the Ministry of Transport ran a special course for a group of 30 air traffic controllers from the East African Community, involving ten months of formal training and two months of field work. It is felt that these special courses directly related to the requirements of the recipient country are more useful than generalized training, especially when the student or trainee will return home to replace an expatriate adviser.

62. The number of third country trainees continued to increase in 1973, with 322 students sponsored under six schemes. In Africa, 63 students attended various African universities under a Canadian scholarship program operated by the Association of African Universities, compared with 44 in 1972, and 55 students attended CESTI (Centre d'Etudes Scientifiques et Technique de l'information) in Senegal for journalism training. In addition 135 students were at the University of the South Pacific under continuing programs, while under a new program with the South East Asia Ministers of Education Organization (SEAMO), 33 students were attending three regional centres, specializing in agriculture, science and mathematics, and English language. This program, which will run for four years, will provide training scholarships to the six SEAMEO centres; the other three being for educational innovation and technology, tropical medicine and public health. Assistance to the University of the South Pacific and the Asian Institute of Technology has been extended for a further five years.

Advisers and Experts

63. As has been the case in the past few years, increasing emphasis is being laid on the provision of more specialized personnel in education and other fields. Table X indicates the geographical distribution and specialities of advisers and teachers. Although the number of teachers sent out from Canada dropped from 1,036 in 1972, to 798 in 1973, the number of educational administrators and advisers increased from 119 to 172. The vast majority, 87 per cent, of educational experts are located in Africa, but within that group the proportion in primary and secondary schools has declined below one-half. This is a reflection of the continuing policy to place more emphasis on supporting educational activities with clear multiplier effects such as supplying teacher trainers or educational administrators rather than line teacher staff.

64. Increased emphasis is also being placed on specialized and applied education more directly related to the economic development objectives of the recipient country. In Kenya, a team of eight instructors from the Canadian Department of National Defence is assisting in the training of apprentices at the National Industrial Vocational Training Centre. As part of the project, counterpart staff are being trained to replace the Canadian instructors. A pioneer project in the field of non-formal education was approved in 1973, involving Canadian assistance for a review of non-formal training directed to the development of skills appropriate to the

rural population of Tanzania. The review will develop an inventory of strategies for developing the skills currently in use, assess these strategies, and present proposals useful for decision-making by Government. This project represents a new avenue of assistance for CIDA in the educational sector and is in line with the Canadian suggestion at the first Bellagio Conference that an "International Inventory of Educational Innovations" be developed.

65. Greater use is also being made of Canadian universities to staff development projects. These may involve a direct link to a parallel department in an LDC university, such as assistance to the faculties of Commerce and Medicine at the University of Nairobi provided by the University of Alberta and McGill University respectively, and a project run by the University of Guelph to strengthen the University of Ghana Faculty of Agriculture. In other cases teams of economists from a Canadian university have been sent to assist in the government planning bodies. Advisers in economic planning and public administration are in increasing demand from LDCs and 160 advisers in these fields were sent out in 1973, compared to 77 in 1970.

Recruitment and Briefing

66. There were no significant changes in recruiting techniques during 1973 from those described in last year's memorandum apart from the administration changes described in paragraph 25.

67. In the briefing program, professional animateurs are now used in the sessions and more emphasis is being placed on specific cultural aspects of the environment into which the adviser and his family will be entering. As yet, because of administration problems, there have been no group briefings in the field, but it is hoped that this will be possible in the next few years.

Research

International Development Research Centre (IDRC)

68. The principal channel of Canadian assistance to research in 1973 remained the International Development Research Centre (IDRC). The Centre has been fully funded so far by the Canadian Parliament and received \$14.0 million in 1973.

69. The general direction of the work of the International Development Research Centre in supporting the application of science and technology to the specific needs of developing countries, was set out during the first two years after its establishment in October 1970. In consequence, the year 1973 was for IDRC more one of filling out a framework already clearly outlined, than of sketching large new areas of concern and activity. By December 31, 1973, the Centre had approved a total of 190 projects amounting to \$23.2 million involving 142 recipients in 75 countries. In volume,

the program was more than twice the size it had been a year previously. During calendar year 1973, a total of \$11.06 million was committed in support of 65 projects in the fields of agriculture, food and nutrition sciences; information sciences; population and health sciences; and social sciences and human resources. The largest part of this total went in projects in the field of agriculture -- \$4.7 million -- while another \$4.1 million was appropriated for projects in the sphere of social sciences and in research and training awards in the human resources program.

70. Progress was made during 1973 with the expansion of IDRC regional offices. These offices serve the purpose of keeping close contact with the governments and research institutions in developing countries which are undertaking the research supported by IDRC. The regional offices are staffed for the most part by nationals of the countries in which they are located. Two offices were opened in 1972, in Singapore, to cover the Asia region, and in Bogota to cover Latin America and the Caribbean, and in 1973 an office was opened in Dakar, Senegal.

71. The program of the Agriculture, Food and Nutrition Sciences Division has, from the outset, concentrated upon the needs of people living in semi-arid tropical regions. Crop research in sorghum, millet and various legumes that are staple foods in the Sahel, eastern Africa and India has been given heavy emphasis and support; alongside this research have gone experiments in multiple cropping, in order to help farmers spread the risk involved in monoculture. The development of triticale as a cereal crop to grow on marginal land unsuitable for wheat has shown encouraging results, and "outreach programs" from the Mexican base of plant breeding operations are now under way in Ethiopia, Kenya, India, Algeria and Chile. To balance this established program of crop research, the division is now giving more attention to the support of post-harvest technology, including grain storage experiments in Ghana and a multi-purpose mill being tested in north-east Nigeria.

72. Within the general framework of particular support for research designed to improve the well-being of rural peoples, however, there have been three or four new initiatives taken during 1973 that are worthy of note. These initiatives have been in the fields of forestry, fisheries and education.

73. Forestry research supported by the Centre is mainly in the semi-arid tropics. One project in northern Senegal seeks to improve the quality of gum arabic from acacia plantations, so that herdsmen may have an alternative and steady source of income. Another in the Sudan is designed to reverse the process of desertification, by planting treebelts in basins which were irrigated by floodwater until the construction of control dams.

74. In fisheries the emphasis is upon research to improve methods of fish culture rather than of fish capture. Induced breeding of carp in Malaysia, through injections of a sex hormone extract from British Columbia salmon, is one example of research being supported. Another example is the breeding of complementary species of fish in West Bengal ponds, and a third involves an attempt to organize a profitable oysterculture industry on the Sierre Leone coast.

75. Research in education has become focused upon finding more cost-effective ways of delivering primary education in rural communities. Experiments in both speeding up the learning rate and altering the teacher: student ratio are being carried out in Indonesia and the Philippines, while in Cameroon the main concern is to link education programs with productive opportunities in agriculture.

76. The Information Sciences Division has moved into support of library service research and cartography in Africa; while the Population and Health Sciences Division has been responding to the growing demands of governments for demographic data on which to base their population policies. Studies of population dynamics have become a larger part of the division's program than research into fertility regulation; at the same time, there is strong interest in alternative methods of rural health care delivery, ranging from the medical auxiliaries in Venezuela to the traditional midwives in Thailand.

Other Research

77. Details of Canadian support to agricultural research institutes are covered in Part II. Support for the International Institute of Education continued in 1973 and it is planned that future contributions will be used for special work on curriculum development.

78. Bilateral assistance is also provided to some regional and national research institutes. Usually this is through the provision of specific expertise or equipment, however, in 1973 a commitment of \$300,000 in grant funds was made to the Serengeti Research Institute in Tanzania to help finance recurrent expenditure over three years as part of a broader program for wildlife and tourist development. The Institute, which was founded in 1966, studies the ecology of the Tanzanian National Parks with emphasis on vegetation and large mammals, and the Canadian contribution will cover scientific and technical staff salaries, vehicle and aircraft operation and field expenses.

PRIVATE INVESTMENT AND EXPORT CREDITS

Direct Investment

79. The book value of Canadian direct investment as a result of capital flows from Canada and the retention of earnings in LDCs rose by \$125 million in 1973 compared with an increase of \$176 million in 1972. Of this total, \$50 million represented capital flows and \$75 million the preliminary estimate of the increase in investment attributable to retained earnings. The investments were made primarily in western hemisphere countries. Capital flows to LDCs represented only 8 per cent of all direct investment by Canada in 1973 since there was unusually large investment activity by Canada elsewhere in the world. There were no large, unusual transactions recorded during 1973.

80. Under the foreign investment insurance scheme of the Export Development Corporation described in last year's memorandum, insurance contracts totalling \$15 million were signed in 1973.

Business & Industry Division

81. The Business & Industry Division of CIDA continued during 1973 to encourage and support direct private investment by Canadian business and industry for the economic development of developing nations.

82. The Pre-Investment Incentive Program which was introduced in 1971 helps Canadian companies to defray part of the cost of investigating investment opportunities abroad. The Starter Study Program provides financial assistance to enable Canadian businessmen to carry out preliminary visits to developing countries where specific investment opportunities exist, with CIDA's contribution being limited to \$2,500 per study. One hundred Starter Studies have been approved since the program was introduced. If a more detailed investigation is warranted, a feasibility study may be approved. CIDA contributes up to half the cost of an in-depth feasibility study with a maximum contribution of \$25,000. Twenty-two feasibility studies have been approved to date: eight in Latin America (including the Caribbean), seven in Africa, and seven in Asia. During 1973, four new investments were made as a result of this program in Nigeria, Malaysia, Brazil, and Jamaica.

83. The main emphasis has been placed during the past year on project identification and disseminating information to Canadian industry. Particular attention has been paid to the developmental aspects of projects and benefits which might accrue to host countries. These activities have increased the momentum of the program during the past year, and are expected to lead to improved results both in terms of quantity and quality of investment projects in the future.

Portfolio Capital

84. Separate data on Canadian dollar loans by Canadian banks to LDCs are not available. The net increase of \$287 million for 1973 was all in foreign currencies. This amount is \$123 million greater than the comparable figure for 1972. As in 1972, the geographical distribution was predominantly to developing countries in the Western Hemisphere. A substantial portion of these loans likely took the form of medium-term Euro-currency credits provided by syndicates including Canadian banks.

85. There was no new Canadian Government action in 1973 which affected the provision of portfolio capital to LDCs.

Export Credits

86. Commitments of official Export Credits extended by the Export Development Corporation (EDC) to the developing countries increased from \$277 million in 1972 to \$401.3 million in 1973. In addition, commitments of refinancing and rescheduling of notes due to EDC increased from \$6.6 million to \$11 million in the same period. Early during the year new legislation was adopted raising EDC's legal ceiling for financing of export credits made on its

own account from Cdn.\$850 million to Cdn.\$1.5 billion. However, as a result of the large increase in Canadian sales of capital goods requiring EDC financing, the Corporation was again close to its legal ceiling by year end. New legislation will again have to be presented before parliament to increase EDC's ceiling if this export financing level is to be maintained.

87. Net disbursements to developing countries related to official export credits extended by the EDC amounted to \$67.8 million in 1973 compared with \$109.3 million in 1972. This decrease has no significant statistical meaning by itself and merely reflects the fact that substantial deliveries will be made in 1974. In addition, disbursements made available for the refinancing and rescheduling of official export credits amounted to \$8.3 million, up from \$4.8 million in 1972. Total gross disbursements under financing agreements with developing countries in 1973 amounted to \$114.4 million, which is equivalent to 80 per cent of the total amount disbursed for all countries.

88. Commitments totalling \$65 million were extended to developing countries in 1973 for ships. The industry, mining and construction sectors received a total of \$64.2 million. Commitments to the development of public utilities amounted to \$187 million while multisector commitments were \$84 million. Developing countries in Central and South America received the greatest proportion of new credits, 59 per cent of total EDC lending to developing countries, while Africa received 21 per cent, Europe 9 per cent, Middle East 6 per cent and Asia 5 per cent.

89. Gross disbursements related to private export credits officially guaranteed by EDC, with a maturity of more than one year, increased from \$61 million in 1972 to \$63.5 million in 1973. However, net disbursements were negative because a few large contracts made some years ago are now being repaid.

90. In 1973, approximately 7.5 per cent of the value of new EDC export credits to developing countries carried an interest rate of 6 to 6.9 per cent. This compares with 40 per cent in 1972. The relatively less favorable financial terms granted in 1973 reflects substantial increases in both domestic and international rates of interest. The Corporation operates as a purely commercial organization. Its average lending rates are related to the cost of money and the rate charged by other export credit agencies.

91. EDC carefully examines and evaluates the credit worthiness of borrowing countries, before new export credits are extended. This economic analysis made by EDC's Economic Department relies on information provided by the borrowing countries, by international private sources, by international institutions such as the IBRD and the IMF and also by the Berne Union. This type of evaluation also includes a study of the benefits to the economy of the borrowing country in general, in the case of substantial projects.

92. In addition, the Export Development Corporation maintains a very strict control of the economic viability of the projects. A special department has been created by EDC to assess each project from a purely technical point of view. Only projects which are financially viable and will bring a reasonable rate of return on the investment are financed by EDC.

93. Most of the financing extended by EDC is to public bodies in the borrowing countries. In each instance, EDC insists on obtaining a guarantee from the Central Bank or, when this is not possible, from another central authority, e.g. the Development Bank or the Ministry of Finance. In instances where loans are extended to the private sector, a financial guarantee from the borrowing country is generally required.

NON-GOVERNMENTAL ORGANIZATIONS

94. 1973 was a year of continued growth for the CIDA Non-Governmental Organizations (NGO) program. Financial contributions from the division were the highest ever at \$14.9 million; total costs of supported projects reached a new peak of \$66 million (an indication of increased private support from both Canadian and indigenous sources), and more Canadian agencies became actively involved in international projects. During the course of the year projects were funded for the first time in Gabon, République Centrale Africaine, Afghanistan, Syria, Yemen Arab Republic, Cuba, New Hebrides and the Solomon Islands.

95. Growth was accompanied by the increasing capacity of Canadian agencies to coordinate their efforts, and to demonstrate flexibility in responding to crisis situations, the ability of indigenous private bodies to manage their own projects with a minimum of Canadian material support, and a greater critical awareness of the Canadian public toward private and governmental assistance overseas. This critical awareness has been encouraged by the work of the Development Participation Section of the NGO Division, which cooperates with some of the larger national groups and a growing number of community groups in development education programs.

Co-ordination

96. The increased degree of coordination among Canadian agencies reflects two important shifts. One is a greater pooling of resources, financial from one agency, for example, coupled with technical expertise from a second. Perhaps more important in the long run is a dulling of the sense of self identity with a project. Less and less do projects "belong" to a Canadian agency; rather a need is recognized and a common strategy is evolved utilizing whatever resources are required and available.

Flexibility

97. Effective coordination leads to greater flexibility. As agencies abandon their traditional isolation from each other they broaden their base of interest. Thus an agency which hitherto may have been

involved solely in health programmes, because of its increased interaction with other agencies develops a new capacity to recognize diverse priorities (including health, when appropriate). It realizes what inputs are the most vital in a given situation, and how it can more effectively channel its own contributions within a broader, cooperative effort. In a Bangladesh, Nicaragua, or Sahel situation, there is now less danger of overlapping action, but a greater potential for long term planning in which different agency skills are employed as they become appropriate.

Indigenous Control

98. As agencies increasingly disassociate themselves from absolute control of a program there is a growing trend for viable indigenization of the development process. In effect, an increasing number of agencies recognize that their priority is to work themselves out of a job. It would be easy to exaggerate this trend. Many agencies have yet to build up their local staff and still rely heavily upon the introduction of expatriates. Nevertheless in 1973, NGO Division was presented with some dramatic examples of large scale program being operated totally by indigenous personnel.

99. Following are brief descriptions of some selected projects funded by the NGO Division in 1973. These are not necessarily typical examples but are attempts to illustrate tangibly some of the new directions being followed by the NGO community in Canada.

100. Korean Social Service Centre Program and Cansave Community Development Program, Korea

These two large programs touch that area of social development to which budget-conscious governments can seldom direct priority funding. Both programs are comprehensive and of a long term nature and rehabilitate the least privileged of the society: abandoned children, the rural poor, and widows. The staff, from the directors down, are Korean and the program are entirely Korean in conception and implementation.

101. Operation Blacksmith, Sudan

This relatively small project provides training in blacksmithing for Southern Sudanese. At the end of six months training, equipment will be provided which will enable the blacksmiths to set themselves up in business throughout Southern Sudan.

102. Collaboration of Queen's University Medical School and Pedro Henriques Arena University, Santo Domingo, Dominican Republic

This project aims to improve diagnostic facilities for urban and rural medical personnel and teaching and training facilities for medical and allied health personnel and in-service continuing education for graduates. Exchange of personnel will be initiated but essentially the project will exploit local capacity. The program will probably lead to a five-year

partnership between Queen's University and the Santo Domingan university at the end of which time it is anticipated that the necessary technical and scientific skills will be available to enable the project to be self-supporting.

103. Rural Development, Koupéla, Haute-Volta

This five-year program is a comprehensive effort to raise agricultural production in the above mentioned area but within a context of relevant social development. Thus, at the same time as pertinent skills are learned, so are the social structures established (cooperatives, credit unions, tool production) which will encourage rapid self-sufficiency. This project is being followed with increasing awareness by segments of the Quebec public in particular and is a good example of the growing domestic public responsibility that Canadian agencies are feeling.

104. Ferro-Cement Boat Construction, Bangladesh

Since durable wood has become prohibitive in Bangladesh and the average life-span of boats made from cheaper wood is seven years, this project will construct prototypes of indigenous designed craft in ferro-cement. An ongoing training program will ensure that at the end of two years a local cooperative will continue to manufacture the vessels, the unit cost of which is less than the traditional wooden craft.

PART II - THE FOOD PROBLEM OF THE DEVELOPING COUNTRIES

A Promotion of Food Production in the Developing Countries

INTRODUCTION

1. Assisting the developing countries to combat food scarcity involves two areas of effort. Aid to the food production sectors helps produce a greater supply of food, while aid directed to population programs helps to control the increases in food consumption from the demand side. However, in assessing Canada's present and proposed program in these areas, certain constraints must be borne in mind.

- (1) Though Canada is a productive agricultural country, its expertise and experience relate to a kind of agriculture possible only in a temperate climate with its related soil conditions and growing seasons. While much of agricultural knowledge is adaptable and transferable to other situations, a substantial part is not. Canada does not pretend to possess expertise in the particular problems of tropical agriculture.
- (2) Where Canada has the potential to provide technical assistance in agriculture, it may not have the "effective capacity" in terms of available personnel. A large problem throughout Canada's technical assistance program, particularly in agriculture, is scarcity of people. Where experts can be found, they must often be seconded from their permanent jobs for short periods of time. In agricultural projects, much longer appointments are required if lasting results are to be attained.
- (3) There are at present too few positions available in Canadian institutions for the number of students from developing countries that must be trained to support greatly expanded programs of assistance to the food producing sectors.
- (4) Many kinds of agricultural projects disburse funds very slowly. Often the amount of money spent on an aid program is assumed to reflect its quality as well as the degree of the donor's interest in development. Under these conditions, both world and domestic public opinion mitigate against too large an emphasis on bilateral agricultural projects.
- (5) Canada's general position regarding development assistance is to respond to the expressed needs of recipient countries. For CIDA to greatly expand its assistance in agriculture, developing countries themselves must accept this as a priority. Often developing countries request assistance in non-agricultural sectors because some larger donors and multilateral institutions have begun to insist on supporting only agricultural sector projects. Recipients turn to middle level donors such as

Canada to assist sectors which may be of lower priority in the present food-crisis context but are, nevertheless, essential to long-term development. Though this problem has thus far been apparent only in discussions with officials from recipient countries, it is causing some concern to Canadian aid planners.

2. In spite of these constraints, a "food policy" that will respond to the present and foreseeable world food situation is presently being prepared. This Canadian policy for assistance to the food producing sectors of developing countries is to be finalized by the World Food Conference in November, 1974.

CANADIAN ACTIVITY IN THE FOOD PRODUCING SECTORS

3. Much of the strategy for aid to the food producing sectors that will follow from the new policy will be based on CIDA's assessment of what has succeeded in the past and seems to be succeeding in the present. There are three aspects of CIDA's present agricultural policy:

- (1) Financial support for the FAO and UNDP which are engaged in sectoral country studies, and in execution of agricultural development projects (see the statistical annex for levels of this support).
- (2) Support for the International Agricultural Research Centres of the IBRD/FAO/UNDP Consultative Group on International Agricultural Research.
- (3) The agricultural projects within CIDA's bilateral capital and technical assistance programs and within CIDA's Non-Governmental Organization program.

INTERNATIONAL AGRICULTURAL RESEARCH

4. Canada places high priority in its multilateral aid program on the work of the International Agricultural Research Centres. Some of these institutes have already accomplished significant breakthroughs and others seem likely to do so in the near future. These major changes, such as the high yielding varieties of wheat and rice, have substantial impact on the lives of farmers that adopt them. A small farmer is unlikely to risk trying a new technique which could bring only marginal increase in yields if successful but could ruin him if it fails. However, the significant increases in yields which follow on adoption of "breakthrough" technology ensures that even small farmers can be encouraged to adopt new methods once an extension program has reached them.

5. Canadian involvement in international agricultural research began in 1969 with the launching of a five-year program of core budget support for The International Institute for Tropical Agriculture (IITA) in Nigeria.

T A B L E I

ALLOCATIONS FOR SUPPORT OF INTERNATIONAL

AGRICULTURAL RESEARCH
(Thousands of Cdn dollars)

Centre	1969	1970	1971	1972	1973	1974
International Centre for Tropical Agriculture (CIAT) ¹	-	-	450	550	650	750
International Centre for Maize and Wheat Improvement (CIMMYT) ¹	-	-	450	550	650	750
International Institute for Tropical Agriculture (IITA)	750	750	750	750	750	750
International Crop Research Institute (ICRISAT) ²	-	-	-	-	-	1,800
International Potato Centre (CIP)	-	-	-	-	200	320
International Laboratory on Animal Diseases (ILRAD)	-	-	-	-	-	200
West African Rice Development Association (WARDA)	-	-	-	-	-	100
TOTAL	750	750	1,650	1,850	2,250	4,550

1. \$3.25 million approved for a period of 5 years starting in 1971 of which \$750,000 goes to finance research in Canadian Institutions.

2. Includes an \$800,000 contribution initially allocated for 1973 but postponed until 1974.

Source: Multilateral Branch, CIDA

This Institute is working on cowpeas, and also producing maize, rice, and cassava particularly adapted to African conditions. In 1971, CIDA began to help finance projects at CIAT and CIMMYT. The Centro Internacional de Agricultura Tropical (CIAT), in Colombia is trying to improve lowland farm crops in Latin America: beef, rice, maize, root crops and food legumes. Canadian support administered for CIDA by the International Development Research Centre (IDRC), is presently earmarked for CIAT's cassava and swine programs. The International Wheat and Maize Improvement Centre (CIMMYT) in Mexico has become famous for the development of the new wheat varieties that marked the beginning of the "Green Revolution". At present, CIDA supports the Triticale program at CIMMYT that is developing a new feed grain with high protein quality, high yield and drought resistance. Since 1972, Canada has provided core support for the development of sorghums, millets, and grain legumes for semi-arid and unirrigated land at the International Crop Research Institute for the Semi-arid Tropics (ICRASAT) in Hyderabad, India. This Centre is in its first year of operation and will receive support from CIDA for an initial period of four years. CIDA has also supported the International Potato Centre (CIP) in Peru for a four year period commencing in 1973. This Centre is attempting to produce strains of potatoes that are adapted to the warm tropics, rather than the high cool tropics or the temperate zones where they presently flourish. Support for three other Agricultural Research Centres, will be initiated in 1974. These are the International Laboratory on Animal Diseases (ILRAD) located in Kenya, the International Livestock Centre for Africa (ILCA) being established in Ethiopia, and the Coordinated Rice Trials Projects of the West African Rice Development Association (WARDA) to find innovative means of accelerating agricultural production and through this the general economic development of the developing world. Canada supports this objective and has made contributions ranging between approximately 10% and 25% of the core budgets of individual centres. Cash contributions amounted to 9% of total core support (expressed in U.S. dollars) available to the centres in calendar year 1973. Canadian involvement in support of "outreach" activities, - the efforts to transmit and apply the results of the research in the developing countries - has been minor until the present. It is likely to increase substantially in coming years as centre programs begin yielding new breakthroughs such as those with the high yielding varieties of wheat and rice. Table I details allocations for support of international agricultural research.

6. The third aspect of CIDA's present program in the food producing sector is the various bilateral projects, plus those being implemented with government financial aid through the NGOs.

THE BILATERAL PROGRAM

7. In 1973, there were about 100 ongoing bilateral projects (excluding those consisting only of training, but including projects involving Canadian advisors and capital projects with training components) in the agricultural and fisheries sectors. These varied in size from a \$6 million grant to Bangladesh over a period of five years to buy tube-well casings

TABLE I I

1973 DISBURSEMENTS IN FOOD PRODUCING SECTORS

REGION	GRANTS (Thousands of Cdn. dollars)	LOANS	REMARKS
Asia	\$ 5,494.9 ¹	\$ 40.2	Projects which consist solely of training awards in Canada are excluded. Technical assistance projects involving Canadian advisers are included. A number of capital assistance projects that are included here also involve technical assistance and training.
Commonwealth Africa	2,964.4	999.2 ²	
Commonwealth Caribbean	498.2	1,077.6	
Francophone Africa	2,435.5	298.7	
Latin America	416.6	-	
TOTAL	11,809.6	2,415.7	

1. Includes a grant of \$4,142.6 to Bangladesh for tubewell casings for an irrigation project.

2. A single loan to a bakery project in Tanzania.

Source. Financial Reporting System, CIDA

for an irrigation and water supply project to short-term assignments involving Canadian advisers being sent overseas for a few weeks to deal with a specific problem. Bilateral projects range over a variety of sub-sectors, including crop production, animal husbandry, food processing, storage and marketing and provision of agricultural infrastructure such as irrigation. In addition there are fourteen projects in fisheries and a number that involve feasibility studies for future projects. Most agricultural projects also have a variety of components: provision of equipment such as vehicles or agricultural implements, consultancy services by Canadian firms, Canadian experts and advisers, counterpart training, and so on. CIDA prefers to be involved in integrated projects which approach the problem on a number of fronts. While most bilateral projects in agriculture involve grant funds, six have involved loans. In 1973, loans amounting to \$2.4 million were disbursed. Table II provides a breakdown of financial expenditures in the food production sectors of agriculture and fisheries in the regions of CIDA bilateral involvement during 1973.

8. CIDA's bilateral agricultural programs are presently responsive, arising from requests by the recipient country, although occasionally requests have been suggested by CIDA. When one compares countries or examines the projects from a regional viewpoint, it becomes apparent that there is at present neither a general pattern nor a reflection of defined policy. This is, of course, inevitable when requests originate within the recipient countries. To illustrate the kinds of CIDA bilateral involvement in agriculture, four projects which were fully operational in 1973 are briefly described:

Agricultural Dryland Research Project - Hyderabad, India

9. This project is a direct result of an Agricultural Task Force that was sent to India by the Canadian Government in 1967, to ascertain Indian agricultural needs and Canadian capacities to assist. The purpose of the project is to develop methods of improving crops on the 75 per cent of Indian land which is not irrigated. The long-term objective is to develop farming systems that will transfer advanced technological principles to low income and capital scarce farms. A team of advisers, plus substantial on the job training, is the major Canadian input. A serious deficiency of the project, at the present time, is the lack of Indian counterparts to the Canadian advisers. A frequent difficulty in projects such as this is finding qualified local personnel who have not been hired at better salaries by private concerns. This project disbursed \$0.5 million in grant funds in 1973, with two years remaining in the project life. Additional funds will likely be sought for this project, as the present budget allows only for a total disbursement of \$1.5 million.

Bee Project - Kenya

10. Bee keeping is a traditional industry in many parts of Africa and a common source of cash income for subsistence farmers. Honey is much in demand throughout Africa as a sweetener and particularly as an ingredient in beer. Beeswax has a virtually unlimited export market for use in

cosmetics, polishes, and so on. This project has a total budget of \$400,200 in grant funds and a life span of five years, to 1975. It involves the training of Kenyans in Canada and other parts of Africa, extension programs, development of distribution centers, improvement of hives and, finally, the establishment of a beekeeping faculty in the University at Nairobi. As the project has evolved, emphasis has shifted to extension work and training. While training was originally given to older men, the younger unemployed school leavers have become increasingly involved. As an indication of the project's success, a number of other organizations, among them the Kenya Freedom from Hunger Committee have become involved in beekeeping projects as well. This project disbursed \$132,766 in 1973.

Comfith Project - Caribbean

11. The process of separating mechanically the inner pith (comfith) of sugar cane from its outer rind was developed by a Canadian company. When comfith is supplemented by vitamin and protein additives, it provides an excellent livestock feed. At present, Caribbean countries must import beef, pork and dairy products, because of a lack of locally available feed for livestock.

12. Thus, the comfith process, which renders sugarcane pith useful for livestock feed, has tremendous potential for allowing a livestock industry to grow. There are, at present, five different projects in process in the Caribbean area, all aimed at developing and testing comfith animal feed technology. Their overall objective is to help develop viable livestock industries in as many of the Caribbean countries as possible. In 1973, \$168,484 in grant funds and \$782,891 of a \$1.5 million loan has been disbursed on this cluster of projects.

Fishing Cooperatives - Peru

13. Although Peru is one of the world's greatest fishing nations, its consumption of fish is one of the lowest in the world. Anchoveta fisheries have expanded so fast that food fisheries have been ignored. This \$1.7 million project began in 1973 and is expected to run for five years. It is part of a UNDP/FAO project that has an overall objective of rationalizing the entire industry. The objectives of the Canadian project are to raise the nutritional level of Peru's low income population by increasing the supply of table fish as a source of cheap protein, and to provide long-range employment for Peru's subsistence fishermen. The Canadian input consists of a team of nine experts who work directly with the fishermen, vehicles, equipment and awards for training in other areas of Latin America. Problems with this project have been legion, but solution are being sought. Some include convincing low income Peruvians to eat more fish once it has become cheap enough for them to afford it, the fishermen's tendency to reject the cooperative

concept or, alternatively, their too quick and unquestioned acceptance of it because they expect to receive easy government loans as a result. Difficulties are also encountered in selecting Canadian advisers with the ability to work closely and well with the Peruvian fishermen. This project disbursed \$6,000 in 1973, and disbursements will increase as the cooperative concept gains momentum.

14. In addition, a number of substantial projects in the pod producing sectors are soon to become operational. Two examples of these are detailed below.

Grain Silos - Algeria

15. The Algerian government approached Canada for a loan for the construction of 12 large silos for grain storage. Canada has agreed to a loan of \$18.0 million. An initial contract has been signed for a loan of \$4.9 million, of which \$1.0 million will be used for local cost financing. This first loan is expected to disburse over a period of 44 months beginning in July 1974. Canadians will participate in the construction of the silos at all stages, providing materials, equipment and training as well as consultancy services.

Isiolo Water and Livestock Project - Kenya

16. This project is part of a \$54 million World Bank project with participation by the United States and Great Britain as well as Kenya. The Canadian contribution is \$2.7 million over a three year period of which \$880,440 is in the form of a grant and \$1.8 million is a loan. The objective of the Canadian project will be to install water supply points for livestock grazing in areas that have previously been underutilized for lack of water. This will involve, in the first place, a preparatory study of the groundwater resources of the area and then an actual development phase. The Canadian input to the project will consist of advisers, equipment and training. This project is expected to be implemented in 1974.

17. Table III details the kinds of projects which are presently ongoing bilaterally in the food-producing sector. Table IV, which follows, details the situation regarding advisers, students and trainees in the agricultural sector. Students are involved in academic studies at universities in Canada while trainees are receiving technical training. Since 1971, numbers of students have been declining while trainees have been more numerous. This is the result of CIDA's policy to reduce as far as possible academic training in Canada where local training can be obtained. In addition, there is a declining number of positions available for academic training in the Canadian institutions themselves.

T A B L E I I I
BILATERAL PROJECTS IN AGRICULTURE, IN 1973¹

(By area and sector)

Location of Projects	Crop production	Animal husbandry	Fisheries	Infrastructure	Food processing, storage, marketing	Feasibility studies	Research	Credit
Asia	7	3	3	8	4	6	1	0
Commonwealth Africa	15	10	2	6	2	4	4	2
Caribbean	9	5	3	0	6	3	2	0
Francophone Africa	10	1	5	7	0	6	2	0
Latin America	0	1	6	1	2	2	1	0
Total:	41	20	19	22	16	21	10	2

1. There are 103 bilateral projects in the agricultural and fisheries sectors. Many however, involve multiple elements, and these are double counted under the appropriate headings. The total is thus larger than the actual number of ongoing projects.

T A B L E I V

ADVISERS , STUDENTS AND TRAINEES IN THE AGRICULTURAL SECTOR

Location of Projects	ADVISERS			STUDENTS IN CANADA (in academic programs)			TRAINEES IN CANADA (in technical and vocational programs)		
	1971	1972	1973	1971	1972	1973	1971	1972	1973
Asia	4	3	5	85	26	16	40	61	41
Commonwealth Africa	34	26	30	61	26	6	20	53	70
Francophone Africa	26	28	25	69	25	22	56	70	77
Caribbean	7	7	8	24	8	0	13	26	20
Latin America	0	1	7	0	0	0	0	-	-
T O T A L	71	65	75	239	85	44	129	210	208

Source: CIDA Annual Review, 1971-72 and 1972-73
CIDA Computer Operations Sections.

THE NGO PROGRAM

18. The projects being undertaken by Canadian NGOs are channelling resources to activities and regions in the developing countries that are not easily undertaken by governments and bilateral donors. Agricultural cooperatives for example, comprise 27 per cent of the total agricultural projects undertaken by NGOs in 1973. NGO activities may be small in terms of the financing involved, they nevertheless have a large impact. This is because they actively engage the small farmer in the development effort and thus nurture local initiative and strengthen local institutions. Table V provides details of NGO involvement during 1973 in the agricultural and fisheries sectors.

TABLE V

PROJECTS ONGOING IN 1973 IN FOOD PRODUCTION BY CANADIAN NGOS

Location of Projects	Agricul- tural co- opera- tives	Credit schemes	Mar- ket- ing stor- age	Supply of equip- ment	Agricul- tural train- ing	Animal hus- bandry	Fish- ing	Bee keep- ing/ Poultry	Crop im- prove- ment	Infra- struc- ture (Irri- gation)	Other	Total
Asia	8	0	1	2	2	4	5	2	1	8	7	40
Anglophone Africa	3	0	0	3	4	2	1	1	1	1	5	21
Caribbean and Central America	7	1	1	0	0	3	1	1	4	0	1	19
South America	2	0	0	1	2	1	1	0	1	1	4	13
North America	7	1	0	1	2	1	2	1	0	1	2	18
Total:	27	2	2	7	10	11	10	5	7	11	19	111

Source: NGO Report Projects by Countries, September 1973.

POPULATION PROGRAMS

19. The projects being undertaken bilaterally and through the NGOs in the food producing sectors, have the object of influencing the production-supply side of the food equation. Efforts to influence the demand side of the food equation through population programs have not been substantial, in the past, for two reasons. In the first place, experience has shown that there is often political and cultural resistance to population projects, as well as attitudinal barriers to their success. Secondly, Canada has not had the experience or the expertise to mount extensive family planning projects.

20. With the realization by developing countries of the importance of population planning, and the new emphasis on integrated programs involving health, nutrition and rural development, along with basic "fertility control", these old constraints are no longer as valid. Canada is presently studying a bilateral population program that would focus on three activities. The first is a pilot research-action program that would be closely monitored, to improve our understanding of the dynamics of fertility reduction and their precise inter-relationship with other aspects of development. Canada is also studying the possibilities of building a population planning component into CIDA projects in the health sector, perhaps as an aspect of maternal health and child care. Finally, technical assistance is being proposed for demographic and statistical units. These advisers could also be used to inform CIDA about the viability of proposed population programs.

21. Canada is well aware of the difficulties in implementing bilateral population programs. Of these, the long duration of the programs, the sustained and substantial local contributions they require and the necessity of involving several local government departments are considered to be most relevant. Certainly, population programs can be successfully undertaken only as long as the local governments give them high priority and are able to effect the necessary close coordination among ministries.

PROVISION OF FERTILIZERS

22. The Canadian fertilizer industry is highly developed and diversified. All three primary plant nutrients are produced, i.e. nitrogen (ammonia, urea) phosphorous and potassium (potash). Except for phosphate rock, which is imported from the United States, Canada has an adequate supply of raw materials needed to produce any present and foreseen requirements. During most of the 1960s, there was a serious oversupply of fertilizer capacity, with resultant erosion of prices and large financial losses to the industry. By 1972, however, the demand had improved considerably. In 1973, Canadian domestic consumption increased approximately 14 per cent over that of the previous year. Further increases are expected in 1974. There have been no expansions in fertilizer capacity in Canada since the

late 1960s because of the fears of producers that the poor profits of the 1960s would be repeated by over-capacity being created. Thus the industry can only meet increased domestic demand in the short to medium term at the expense of exports. If the growth of domestic demand continues (as seems likely with increased wheat prices), Canada's ability to export most fertilizers, commercially or as aid, can be expected to decrease further until additional productive capacity is made available. This supply problem does not apply to the Canadian potash industry, which has sufficient productive capacity to meet any foreseeable increase in demand, at least for the balance of the decade. A number of Canadian companies are seriously considering expansions in nitrogen capacity. However, they are trying to secure long-term contracted sales for a large part of their plant's output, before starting construction. In view of this tendency, it seems as if commitments for fertilizer under the aid program, three or four years from now, should be earmarked by CIDA immediately. This creates problems for the Canadian aid program in the short-term, because of difficulties in making commitments many years in advance of the initial expected disbursements. This is another aspect of overall food policy which is presently under study.

Table VI details the fertilizer availabilities for the aid program in the past four calendar years.

FERTILIZERS MADE AVAILABLE AS AID 1970-73

TABLE VI

(Canadian dollars)

FERTILIZER TYPE	1970		1971		1972		1973	
	MT	\$	MT	\$	MT	\$	MT	\$
<u>INDIA</u>								
Ammonium Sulphate	24,667	668,181	-	-	-	-	-	-
Di-ammonium Phosphate	12,062	718,919	69,490	4,284,339	-	-	-	-
NPK	83,781	5,025,384	58,629	4,048,339	40,901	5,551,162	-	-
Potash	117,883	3,890,297	290,008	9,346,966	198,130	6,484,799	195,288	6,444,509
Sulphur	268,096	4,598,180	70,205	1,036,239	-	-	-	-
Urea	37,876	3,152,500	-	-	-	-	-	-
<u>PAKISTAN</u>								
Urea	41,857	3,611,605	22,980	1,999,271	-	-	-	-
Sulphur	11,036	192,041	-	-	-	-	-	-
Potash	23,036	856,570	-	-	-	-	-	-
DAP	9,364	649,806	12,388	859,746	-	-	26,932	2,990,203
<u>BANGLADESH</u>								
Sulphur	-	-	-	-	20,369	312,256	2,652	40,655
Potash	-	-	-	-	-	-	19,844	1,264,031
<u>TUNISIA</u>								
Ammonium Nitrate	-	-	-	-	-	-	-	-
<u>INDONESIA</u>								
Urea	-	-	-	-	5,000	375,000	-	-
Sulphur	-	-	-	-	7,000	94,500	15,371	207,508
Potash	-	-	-	-	-	-	6,877	412,620

SOURCE: CIDA Contracts and Commodities

B Food Aid

23. As a substantial wheat producer, Canada has always placed a great deal of emphasis on its Food Aid program. Indeed, the Canadian aid program began with a shipment of wheat to India under the Colombo Plan, in 1951. Until the recent past, most of Canadian food aid consisted of surplus wheat and other commodities. Since 1972, however, world stocks of wheat have been declining and are now at their lowest levels since the Second World War. Diminished supplies, combined with increased demand for wheat, has pushed world prices to double their 1972 levels. Though prices may not remain at the high levels which prevailed in the latter part of 1973 and on into 1974, they will likely never return to their previous lows and will certainly continue to be unstable. In these conditions, Canada is revising its overall attitude towards food aid and this new policy will be finalized for the World Food Conference, in November. It is necessary, therefore, to focus at this stage on present food aid policies.

24. The Canadian International Food Aid Program is comprised of three sub-programs:

- (1) Bilateral Food Aid - food aid that is negotiated and provided to the recipient country directly.
- (2) Multilateral Food Aid - food aid that is provided to the recipient via a third party, usually an international organizations
- (3) Emergency Food Aid - where the food aid portion of emergency projects is provided on an urgent basis.

25. Bilateral food aid is normally supplied in bulk to recipient governments, to be sold to consumers through local commercial channels. In relieving the recipient of the need to use scarce foreign exchange to import food commodities, bilateral food aid provides valuable balance of payments support. The terms of the food aid agreement require the recipient to credit the local currency proceeds from the sale of food commodities into a counterpart fund. These funds are used to pay the local currency costs of development projects that are mutually approved by Canada and the recipient. Under appropriate conditions, the counterpart funds which have not been allocated to specific projects within a reasonable period of time, may be released to the recipient, to be used in its general development program.

26. Bilateral food aid can be obtained in two ways. The countries of concentration (whose programs are supported on the basis of annual allocations) have food aid funds allocated and approved annually. Other countries that require food assistance normally make a formal request through the Canadian mission, which is then forwarded to CIDA, with the mission's recommendations. If funds are available and the project is accepted, CIDA will incorporate the request into the annual budget, or obtain ministerial approval for the allocation to be taken from the general food aid contingency.

27. Three variables influence the cost of the bilateral component of food aid. The first is the Food Aid Convention (FAC) of the International Grains Arrangement. Under the present Convention, to run until June 30th, 1975, Canada is committed to supply 495,000 metric tons of wheat, and flour, as food aid, in each agreement year.

28. Approximately 90 per cent of the food aid sub-vote is used to buy wheat. The second variable is therefore the price of wheat. In 1973, the price of wheat rose substantially but CIDA was still able to fulfill the FAC pledge using only funds from the food aid sub-vote. The price situation in 1974 is likely to be more serious and will necessitate substantial reconsiderations of budgeting policies, as wheat prices can no longer be assumed to be stable. A third variable in the bilateral food aid program is the cost of transportation. The Foreign Policy Review in 1970 provided that Canada could pay cost of shipping commodities to the recipient country. Recipients can choose to use the whole of their food aid allocation for purchasing foodstuffs, or they may divide their allocation between the purchase price of the food and its ocean transportation costs. In the past, approximately 25 per cent of the food aid vote has, at the request of recipients, been used for the payment of shipping costs. CIDA opens contracts for transport of food aid to tender. The costs of transportation to some countries is unusually high because of turn around delays and difficulties in getting fuel and other cargoes for the return journey, once the shipment has been delivered. In 1972, Canada provided 782,400 metric tons of food aid. Of this total, 273,355 metric tons was shipped by Canada at a total cost of \$9.4 million. On the average, transportation costs represent 30 to 40 per cent of the value of the food commodity being shipped.

29. Canada's multilateral food aid is channelled through two international organizations: United Nations Relief and Works Agency (UNRWA) and World Food Program (WFP). Because this food aid is composed of a variety of commodities besides wheat, it forms a better nutritional package. In addition, WFP food aid is linked to specific development projects, by providing part of the wages of laborers, and thus benefits the lower income segment of the populations.

30. The United Nations Relief and Works Agency is organized to aid the Palestine refugees. Canada's contribution consists of a cash grant, taken from the Multilateral International Assistance Program, and a commodity

contribution which is part of the food aid sub-vote. In 1973, the food aid portion was \$900,450 while the cash grant was \$1.15 million. This will likely be extended through to 1976. Pledges to the World Food Program are made every two years. In 1973, Canada pledged a total of \$17 million, consisting of a cash portion of \$3.7 million and a commodity portion of \$13.3 million. The cash portion helps defray the operating expenses of the WFP and the shipping costs of food. Canadian contributions to WFP in the past have consisted of wheat, wheat flour, canned turkey, fish, egg powder, beans, peas and dairy products. Table VII indicates the breakdown of Canadian food aid by commodity and by program for the past four fiscal years. Table VIII breaks down food aid by country for calendar year 1973.

31. Because it has the necessary national and international connections, CIDA is the executing agent of the Canadian government for International Emergency Relief. When special funds are made available by the government for emergency relief, these are provided through supplementary grants, approved by Parliament. Canada does not deduct these amounts from its general appropriation for development assistance. Thus food aid commodities supplied in emergencies are accounted for under the International Emergency Relief Vote and do not interfere with regular food aid programing.

TABLE VII

FOOD AID BY COMMODITY AND BY PROGRAM

(1)

1970-1971

1972-1973

1971-1972

1973-1974

COMMODITY	MTN (000)	000 \$ (Cdn)	MTN (000)	000 \$ (Cdn)	MTN (000)	000 \$ (Cdn)	MTN (000)	000 \$ (Cdn)
I FOOD AID CONVENTION								
Wheat	1,065.8	73,677.8	900.2	62,043.0	575.1	56,565.1	492.1	72,219.6
Flour, Semolina	86.0	8,651.8	40.1	4,297.6	35.7	5,046.3	25.5	5,985.7
Barley	NIL	NIL	NIL	NIL	NIL	NIL	25.3	2,895.4
Total FAC	1,151.8	82,329.6	940.3	66,340.6	610.8	61,611.4	542.9	81,100.7
II OTHER BILATERAL								
Rapeseed	NIL	NIL	NIL	NIL	107.0	15,206.6	50.2	11,880.6
Rapeseed Oil	NIL	NIL	NIL	NIL	4.5	2,499.3	13.7	9,357.5
Milk	8.5	3,568.4	.8	1,156.2	3.4	1,999.0	1.1	614.3
Fish	2.0	1,334.8	NIL	NIL	.9	794.3	.2	178.4
Other (Total)	10.5	4,903.2	.8	1,156.2	115.8	20,499.2	65.2	22,030.8
Total Bilateral	1,162.3	87,232.8	941.1	67,496.8	726.6	82,110.6	608.1	103,131.5
III WORLD FOOD PROGRAM								
Wheat	70.6	6,243.7	26.6	1,789.3	3.1	379.7	1.9	329.5
Flour	23.3	2,299.3	78.7	7,724.6	31.9	3,679.3	12.1	2,207.1
Milk	2.4	759.0	1.5	684.8	8.2	4,958.2	9.4	6,339.6
Egg Powder	NIL	NIL	.1	292.1	.01	68.7	NIL	NIL
Cheese	1.6	1,835.3	.1	92.9	NIL	NIL	NIL	NIL
Potatoes	NIL	NIL	1.5	743.1	.3	135.1	.5	207.5
Peas	1.3	178.8	3.7	683.0	.4	64.8	NIL	NIL
Beans	.6	124.7	.02	13.5	1.9	462.3	.2	67.8
Canned Fish	1.6	904.8	1.9	1,098.5	1.9	1,159.2	.4	290.2
Canned Turkey	NIL	NIL	.3	424.1	.5	685.9	NIL	NIL
Total WFP	101.4	12,345.6	114.4	13,545.9	48.2	11,593.2	24.5	9,441.7
IV UNWRA								
Wheat	7.4	700.5	7.5	700.0	7.6	682.0	4.9	896.8
Total FOOD AID	1,271.1	100,278.9	1,063.0	81,742.7	782.4	94,385.8	637.5	113,470.0

(1) Figures for the World Food Program as of April 30, 1974

GEOGRAPHIC DISTRIBUTION OF BILATERAL FOOD AID 1973
(Millions of U.S. Dollars)

TABLE VIII

(Gross disbursements)

RECIPIENT	1 WHEAT (1)	2 RICE (1)	3 OTHER CEREALS	4 TOTAL CEREALS	5 OF WHICH FAC	6 OTHER FOOD IN KIND	7 CASH	8 TOTAL (4 6 7)	9 Total Grants	10 OF WHICH: Loans ex- tended	11 Emer- gency Aid
ALGERIA	2.00	✓		2.00	2.00		✓	2.00	2.00		
MOROCCO			2.93	2.93	2.93			2.93	2.93		
TUNISIA	2.05			2.05	2.05			2.05	2.05		
CHAD	.73			.73	.73			.73	.73		
GHANA	1.65			1.65	1.65			1.65	1.65		
MALI	1.35			1.35	1.35			1.35	1.35		
MAURITANIA	1.11			1.11	1.11			1.11	1.11		
NIGER	1.41			1.41	1.41			1.41	1.41		
SENEGAL	.88			.88	.88			.88	.88		
UPPER VOLTA	.76			.76	.76		✓	.76	.76		
NICARAGUA						1.00	✓	1.00	1.00		
AFGHANISTAN	2.00	✓		2.00	2.00		✓	2.00	2.00		
BANGLADESH	7.42			7.42	7.42	22.38		29.80	19.26	9.84	
BURMA	1.51			1.51	1.51			1.51	1.51		
INDIA						7.57		7.57	7.57		
NEPAL	.12			.12	.12			.12	.12		
PAKISTAN	8.14			8.14	8.14			8.14	8.14		
SRI LANKA	2.86			2.86	2.86			2.86	2.86		
INDONESIA	6.01			6.01	6.01			6.01	6.01		
VIET NAM		✓				1.19		1.19	1.19		
TOTAL	40.00		2.93	42.93	42.93	34.14	✓	75.07	65.23	9.84	

WORLD FOOD SECURITY

32. In the Spring of 1973, R.H. Boerma, Director General of FAO, drew up proposals for ensuring a minimum level of world security against serious food shortages and for international action to assess adequate basic stocks of cereals and rice. This would be done through the building up of individual national reserves. Subsequent to the initial proposal, world food security was discussed at meetings of the WFP, International Wheat Council and the FAO Committee on Commodity Problems (CCP). In November 1973, Dr. Boerma formally presented the World Food Security Proposal to the 17th Session of the FAO conference. Canada's position, as it has evolved from these discussions, is as follows:

- (a) Canada accepts the concept of national stockpiling, provided that nations do not implement their policies in such a way as to put further pressures on the market
- (b) Canada believes in and will continue to support the establishment of national stock policies for cereals and the development of guidelines, useful in the development and later use of such stockpiles. We do stress, however, that, in our view, such stockpiles must be handled carefully, so as to avoid adversely affecting the structures of world production or trade
- (c) Canada will support the development of improved consultation and information exchange between nations, but feels that, to be of maximum usefulness, such exchange must be universal and mutual
- (d) Canada supports a program to assist developing countries to participate fully in a stockpiling program and will continue to support such participation, through bilateral and multilateral programs. Such support will be both of a material and technical nature.

GLOSSARY

- | | |
|-----------------------------------|--|
| Capital Subscription Payments | - Payments to purchase shares in development institutions such as the Asian Development Bank |
| Export Credits | - Financing given to exporters in Canada or to importers abroad, to help finance the purchase of Canadian goods |
| Fiscal Year (FY) | - An annual period established for accounting purposes. It may start anytime in the calendar year. The Canadian Government's FY is April 1 - March 31 |
| Generalized System of Preferences | - A Canadian system of preferences for developing countries, implemented on July 1, 1974, under which imports of manufactured and semi-manufactured products from designated countries are subject to the lower of the British Preferential Tariff or the Most-Favored-Nation Tariff, less one third. Certain industrial raw materials and selected agricultural products are also covered by the scheme. Most other developed countries have implemented similar measures as part of an international effort to help the developing countries improve their exports to world markets. |
| Gross National Product (GNP) | - The total value of goods and services produced in a country (i.e. domestic product) plus payments received from other countries (notably interest and dividends) less similar payments made to other countries. If interest and dividend payments exceed receipts, the national product can be smaller than the domestic product. |

- Least Developed Countries (LLDC's)
- Countries identified by the United Nations as having a gross domestic product of \$100 per capita or less, with a manufacturing share of 10 per cent or less and a literacy rate of 20 per cent or less. They are: Afghanistan, Bhutan, Botswana, Burundi, Chad, Dahomey, Ethiopia, Guinea, Haiti, Laos, Lesotho, Maldives, Malawi, Mali, Nepal, Niger, Rwanda, Sikkim, Somalia, Sudan, Uganda, Tanzania, Upper Volta, Western Samoa and Yemen.
- Official Development Assistance (ODA)
- Aid provided at concessionary terms by the government, Official export credits, official loans at commercial rates of interest and private investment are not included.
- Other Official Flows (OOF)
- Aid provided by the government at other than concessionary terms, such as export credits and loans at commercial rates of interest.
- Pipeline
- An accumulation of un-spent funds.

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ANNUAL AID REVIEW '74

Memorandum of Canada to the
Development Assistance Committee
of the Organization for Economic
Cooperation and Development.



Canadian International
Development Agency

Agence canadienne de
développement international

MEMORANDUM OF CANADA
TO THE
DEVELOPMENT ASSISTANCE COMMITTEE
OF THE
ORGANIZATION FOR ECONOMIC
COOPERATION AND DEVELOPMENT

ANNUAL AID REVIEW 1974

The Development Assistance Committee

The Development Assistance Committee (DAC) of the Organization for Economic Cooperation and Development (originally called the Development Assistance Group) was formed in 1960 to provide a meeting place where donors of bilateral assistance to developing countries could consult together and exchange views on common problems.

The DAC now has 18 members, including the Commission of the European Communities. DAC countries are together responsible for the bulk of development resources flowing to the low-income countries.

The DAC itself is not a development agency. It has no development funds of its own, but stimulates a common effort among its member nations. It has been notably instrumental in encouraging members to improve Official Development Assistance (ODA) flows, to accept minimum agreed aid target levels and to improve the terms of development cooperation, bearing in mind the debt-servicing capacities of recipient countries.

One of the DAC's most important activities is the Annual Aid Review. At this meeting each member government submits its development assistance performance during the past year and its prospects for the future to detailed cross-examination by the Committee. The country under examination circulates a Memorandum, the OECD Secretariat makes a report on the basis of the memorandum and a visit to the reporting country, and prepares a set of questions for the examination in consultation with two other DAC members. These candid confrontations are designed to be as forward-looking as possible, with emphasis being laid in each year's Review on one or more specific aspects: in 1975, aid allocation policies in the light of changing requirements, and promotion of food production and rural development.

The following document is Canada's Memorandum submitted to the DAC in July 1975. (A glossary of terms will be found at the end).



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NOTE: All figures in the text, unless otherwise stated, are in \$US
using an exchange rate of \$U.S. 1 = \$Cdn 1.005 for 1973 and \$U.S.
1 = \$Cdn .978 for 1974.

PART I - EFFORTS AND PERFORMANCE 1974

VOLUME

1. Net disbursements of financial resources from Canada to the developing countries rose from \$1,104.6 million in 1973 to \$1,677.0 million in 1974. This represents an increase in the percentage of GNP from 0.93% to 1.18%.

Official Development Assistance (ODA)

2. ODA disbursements increased by 38.6% from \$514.9 million in 1973 to \$713.4 million in 1974 representing an increase in the percentage of GNP from 0.43% to 0.50%. Bilateral disbursements which include grants to voluntary agencies comprised 69.6% of the total program and increased by 42.1% over 1973. Food aid disbursements almost doubled while bilateral loan disbursements increased by 44.2%. There were increases in all categories of multilateral disbursements.

3. ODA commitments, on the other hand, decreased slightly from \$888.9 million to \$816.1 million. Despite a 61% increase in bilateral grant commitments and a 31.7% increase in multilateral commitments, the decrease in loan commitments from \$459.5 million to \$184.2 million was sufficient to outweigh them. The large drop in loan commitments was a result of a number of factors. Firstly, a major effort was made during 1973 to commit funds already in the pipeline and loan commitments that year were extraordinarily high. Moreover, one of the large commitments made in 1973 was a \$25 million general sector loan to Indonesia for civil aviation. Projects are now being approved to utilize that loan but do not count as new commitments. Secondly, some large loan projects were approved in 1974 but the loan agreements were not signed until early 1975. Finally, the explosion by India of a nuclear device in May 1974 led to a review of all aspects of the program to India except for food and agricultural aid. The only loan commitment to India was for \$10.2 million to purchase fertilizer.

Other Official Flows (OOF)

4. Net disbursements for official export credits extended by the Export Development Corporation to developing countries increased by 108.8% from \$67.8 million to \$141.6 million. Commitments of official export credits increased from \$401.2 million in 1973 to \$570.3 million in 1974. Table II indicates the geographic distribution of official export credits disbursements and commitments in 1973 and 1974. In addition, \$8.1 million was disbursed for the refinancing and rescheduling of official export credits to Chile, Pakistan and the Philippines, while commitments for the refinancing of notes due to the EDC were \$5.5 million.

Private Flows

5. Disbursements for private flows increased by 71.2% from 1973 to 1974. Portfolio investments fell from a high level of \$43 million to \$23 million in 1974 but disbursements in all other categories of private flows increased. The value of long-term assets acquired by Canadian banks in LDCs increased by \$420 million compared with an increase of \$267 million in 1973.

TABLE I

COMPARISON OF NET FLOWS OF CANADIAN FINANCIAL RESOURCES
TO DEVELOPING COUNTRIES

(\$ US million)

	DISBURSEMENTS				COMMITMENTS	
	Amounts		% of GNP ¹		1973	1974
	1973	1974	1973	1974		
TOTAL FLOWS	1,104.6	1,677.0	.93	1.18	1,299.9	1,393.9
1) Official Development Assistance	514.9	713.4	.43	.50	888.9	816.1
A. Bilateral total	349.4	496.4			687.1	550.6
a) Grants	199.5	280.2			227.6	366.4
Projects	55.6	75.6			66.1	122.3
Technical Assistance	58.6	60.2			62.4	60.3
Food Aid	65.2	124.4			82.3	160.0
Emergency Relief	4.9	.5			2.8	.5
Debt Relief	1.2	-			-	-
IDRC	14.0	19.4			14.0	19.4
b) Development loans	149.9	216.2			459.5	184.2
B. Multilateral total	165.5	217.0			201.7	265.5
a) Grants	53.6	76.7			56.8	165.5
b) Loans	-	5.1			10.0	-
c) Capital subscription payments	81.7	93.9			91.9	73.6
d) Contributions to Special Funds of Development Banks	30.2	41.3			43.0	26.4
2) Other Official Flows	76.1	159.7			412.2	575.8
A. Official Export Credits	67.8	141.6			401.2	570.3
B. Refinancing Loans	8.3	10.1			11.0	5.5
C. Transactions with Multilateral Agencies - Assets		8.0			-	-
3) Private Flows	435.2	747.4			-	-
4) Voluntary Agencies ²	78.4	56.5			-	-

1. Figures for GNP are: 1973-- \$118,618 million; 1974-- \$142,631 million

2. CIDA's commitments and disbursements to voluntary agencies are included within bilateral grants.

T A B L E I I

Official Export Credits
Disbursements and Commitments by Area

(\$US million)

	<u>Disbursements</u>		<u>Commitments</u>	
	<u>1973</u>	<u>1974</u>	<u>1973</u>	<u>1974</u>
Europe	42.1	49.1	36.7	33.4
Middle East	7.1	29.1	24.6	84.4
Asia	- 2.5	- 5.8	23.0	19.1
Africa	2.2	4.0	85.0	95.8
Caribbean	12.1	4.6	8.4	18.7
South America	4.5	35.5	151.7	237.2
Central America	2.3	25.1	71.9	81.7
TOTAL	<u>67.8</u>	<u>141.6</u>	<u>401.2</u>	<u>570.3</u>

Sources of Funds for Official Development Assistance

6. Canada's Official Development Assistance Program is funded through annual appropriations approved by the Federal Government. A major proportion of the funds voted for ODA is non-lapsing and because appropriations exceeded disbursements until recently a pipeline of appropriated but undisbursed funds accumulated. The pipeline reached a peak in 1972-73 and has decreased since then to a level of \$350.7 million at the end of fiscal year 1974-75. For the first time, the ratio between unspent appropriations carried forward and current year appropriations of non-lapsing votes fell below 1 to .76. (See Table III) With disbursements overtaking annual appropriations, and with the introduction of disbursement ceilings by the Treasury Board for the first time in 1974-75, budgeting procedures have changed with the emphasis now on planned disbursements, not appropriations. Appropriations are, of necessity, still important, but are an outcome of medium term disbursement planning. It is intended that the level of appropriations for the next few years will be set somewhat lower than disbursements in order gradually to reduce the pipeline to a reasonable level. Once that is achieved, appropriations and disbursements will be approximately equal in any one year. The fact that appropriations will be lower than disbursements while the pipeline is being drawn down will have no effect on the commitment of the Government to reach the 0.7% target. This objective is reflected in planned levels of disbursements now referred to as Indicative Planning Figures. (See para. 18.)

7. Part A of Table IV shows provisional figures for actual disbursements in 1974-75 and planned figures for 1975-76. Part B shows the level of appropriations for each of the two years as well as the amounts appropriated in previous years which are being used to fund the disbursements shown in Part A.

FINANCIAL TERMS AND CONDITIONS

8. Terms of ODA loan commitments hardened slightly in 1974 since 7 loans totalling \$14.1 million or 7.7% of total loan commitments of \$184.2 million were extended at Canada's harder terms of 3% interest, 7 years grace and 30 years maturity compared with only 7 such loans amounting to 4% of total commitments in 1973. Canada has only two sets of loan terms and the remaining 38 loans committed during 1974 were extended under the softer terms of 0% interest, 10 years grace and 50 years maturity.

9. The average grant element of total ODA commitments rose from 94.1% in 1973 to 97.2% in 1974, thus continuing to meet the DAC Terms Recommendation. Since loan commitments fell from the unusually high amount made in 1973, the proportion of the commitments to be provided in the form of grants, advances or contributions to Special Funds of multilateral institutions rose to 77.4%. In the case of disbursements, the grant/loan breakdown was 69.0% to 31.0%.

TABLE 111

The PipelineNon-Lapsing Grants, Loans and Food Aid
(\$ Cdn. million)

<u>Fiscal Year</u>	<u>Allocations</u>	<u>Disbursements</u>	<u>Difference</u>	<u>Cumulative Undisbursed Cash Balance at year end</u>	<u>Cumulative Undisbursed Cash Balance as a proportion of allocations</u>
1968/69	238.1	160.0	78.1	342.1	1.44
1969/70	277.8	215.5	62.3	404.4	1.46
1970/71	313.3	284.3	29.1	433.5	1.38
1971/72	327.4	299.9	27.5	461.0	1.41
1972/73	366.1	365.5	0.6	461.6	1.26
1973/74	413.5	433.2	-19.7	442.0	1.07
1974/75 (est.)	459.5	550.7	-91.2	350.7	.76

TABLE IV

OFFICIAL DEVELOPMENT ASSISTANCE
Relationship of Disbursements
to Appropriations
Fiscal Years 1974/75 and 1975/76

(\$ Cdn. million)

A. DISBURSEMENTS

	1974/75 (ACTUAL) (1)	1975/76 (APPROVED)
BILATERAL - Grants	133.5	160.5
Loans	232.4	253.5
sub-total	365.9	414.0
MULTILATERAL - Grants	42.0	60.1
Loans	39.0	71.8
Advances	92.9	72.0
sub-total	173.9	203.9
FOOD AID - Multilateral	15.8	98.5
Bilateral	131.4	156.5
sub-total	147.2	255.0 (2)
SPECIAL DEVELOPMENT ASSISTANCE		
Non-Governmental Organizations	26.0	31.8
Inter. Emergency Relief	.6	.6
Inter. Dev. Research Centre	19.0	27.0
Incentives to Priv. Inv.	.1	.6
Scholarships for Dev. Studies	.1	.3
sub-total	45.9	60.3
TOTAL ODA	<u>732.9</u>	<u>933.2</u>

B. APPROPRIATIONS

Current Year	638.1	780.7
From Previous Years	94.8	142.5
Total	<u>732.9</u>	<u>933.2</u>

(1) Figures for both disbursements and appropriations do not include \$16.466 million which was voted in Supplementary Estimates to forgive a loan made to Bangladesh by the Export Development Corporation.

(2) Division of Food Aid between Bilateral and Multilateral is provisional.

TABLE V

Financial Terms of Official Development Assistance in 1974

		Commitments (\$ US Million)		Percentage of Program		Average Grant Element %
Grants and Advances		631.9		77.4)		97.2
Development Loans		184.2		22.6)		
No. of Loans	Maturity	Grace Period	Interest	Amount (\$US mn)	Grant Element	Average Grant Element
38	50	10	0	170.1	90.34)	87.6
7	30	7	3	14.1	55.20)	

Criteria for Appropriate Terms and Conditions

10. In accordance with the DAC recommendations, Canada relates the financial terms of development assistance to the circumstances of the individual recipient and the appropriateness of the terms for each country is kept under review, in particular with the advent of the energy crisis. During 1974, the majority of Canadian loans were extended on the softer terms of 0% interest, 10 years grace and 50 years maturity, while Trinidad and Tobago, Jamaica, Turkey and Brazil signed loan agreements at the harder terms of 3% interest, 7 years grace and 30 years maturity.

11. There are no special Canadian terms for the group of least developed countries or the most severely affected countries; they receive a mixture of grants and loans at the softer terms. Most large capital assistance projects are financed by loans rather than grants even in the least developed countries. Since the grant element of these softer loans is 90.3%, Canada's assistance to these countries meets the DAC recommendation even for the few countries such as Malawi, Tanzania and Niger which received a high proportion of loan assistance in 1974.

Debt Renegotiation Operations

12. During 1974, Canada participated in multilateral debt renegotiations for Pakistan and Bangladesh, although no bilateral agreements covering the fiscal year 1974-75 were finalized until 1975. Cdn \$16.47 million was voted in 1975 to permit the Export Development Corporation to forgive Bangladesh its obligations under loan agreements for the purchase of Canadian goods and services as part of the settlement of the old Pakistan debt. This was in line with the understanding reached between the government of Bangladesh and the IBRD on behalf of the consortium members. Negotiations with Pakistan for the rescheduling of the Canadian share of the \$680 million in debt relief over four years agreed to by the Consortium are in the final stage. Details of refinancing and rescheduling of official export credits by the Export Development Corporation are given in paragraph 4.

13. In the case of the India debt renegotiations, Canada felt it was not possible at that time to contribute to the 1974-75 Consortium debt relief exercise in view of the India nuclear explosion on May 18, 1974 and the close association between the supply of nuclear equipment and the outstanding EDC debts to Canada. Canada has, however, now finished its contribution to the 1973-74 debt relief exercise.

Untying of Assistance

14. During 1974, there were no changes in Canadian policy on the tying of bilateral assistance. Up to 20% of the total bilateral program can be untied in addition to shipping and insurance costs which are also untied. Nor was there any alteration to the Canadian Content Policy which required that the goods purchased under the tied portion of the bilateral program have a 66 2/3% Canadian content. There were also no changes in procurement regulations.

AID ADMINISTRATION AND PROGRAMMING

Administration

15. There were no major administrative re-organizations in CIDA during 1974, although some of the functions and organization of the Human Resources Division (HRD), established in 1973, were altered. To eliminate duplication between the HRD and the bilateral area divisions, the latter became completely responsible for the placement of students and trainees, with the Human Resources Division acting as an advisory service, identifying and assessing Canadian institutions which provide programs appropriate for CIDA students and trainees. Methods of contracting out much of the administration of trainees' programs are being investigated. The HRD is also responsible for the clarification and amendment of regulations and procedures relative to the hiring of experts and the welfare of students and trainees, the production of handbooks for experts and trainees, and the debriefing of experts upon their return home, and CIDA trainees at the end of their programs.

16. Within the bilateral area divisions, a two-tier country management system was adopted. The existing country desks were grouped into larger contiguous geographical units, with a director and deputy director for each unit. The director has primary responsibility for planning while the deputy director oversees the project implementation.

17. The staff of CIDA continued to grow, reaching 937 in December 1974, divided almost equally between professional and support staff. Personnel and other administration costs amounted to \$18.3 million, equivalent to 2.5% of ODA disbursements. The number of aid representatives overseas increased to 101 during 1974, and nine more will be added during 1975. CIDA provides half of these aid representatives, with most of the remainder provided by the Department of External Affairs and a few by the Department of Industry, Trade and Commerce.

Programming

18. Two main changes in programming methods occurred. The first involved the introduction of Indicative Planning Figures. The second has affected the approval procedures for Bilateral projects. The idea of Indicative Planning Figures was introduced as a result of dissatisfaction with the old forward commitment authority and to provide greater clarity in financial planning. The figures are normative and indicate in financial terms where the Agency intends to go over a five year period in the aggregate and for program countries. The Indicative Planning Figures are used for program countries (i.e. major recipients) and are intended to provide a medium term planning framework for CIDA and the recipient country. The distinction between program and non-program countries was blurred in the past but efforts are being made to clarify the concept. Indicative Planning Figures are not used for non-program countries, in which projects are financed on an ad hoc basis from regional funds. Given their normative nature, it is intended that they will be revised every year on the basis of commitments made, experience, and the general priorities of the Agency as part of a five-year plan.

19. The procedure in the past to obtain approval for bilateral projects was to submit a memorandum to the Project Review Committee, composed of the CIDA Vice Presidents and senior resource personnel, at a fairly advanced stage in the planning process, at which point it was often difficult to reject or modify the proposals. Under the new system instituted in 1974 a Project Identification Memorandum (PIM) is prepared at the point of preliminary analysis of a project where a decision in principle is required as to whether the request should be rejected or development of the project should proceed. The PIM provides the initial description and analysis necessary to allow a decision to be taken, and is submitted before any commitment is made on behalf of the Agency.

20. At the final stage of development of a bilateral project, a Project Approval Memorandum (PAM) is submitted to the Project Review Committee to obtain a definite recommendation concerning a project, and authority to seek approval from the President and/or the Minister. The Project Approval Memoranda in general use a common format, employing logical framework analysis to permit on-going evaluation of projects. Table VI indicates the various stages in bilateral project development and approval.

21. Project identification and approval are of course closely linked with country programming and Table VII outlines the country programming cycle described in last year's memorandum, indicating the points at which the recipient government, the mission and officials of other departments ideally have an input. The cycle starts at the beginning of a fiscal year, when planning missions are sent out to the major recipient countries (program countries), and internal consideration of the country program documents takes place during late summer and early autumn. Review by the Interdepartmental Committee on Development Assistance, a group of officials from the Departments of External Affairs, Industry Trade and Commerce, Finance, the Treasury Board and the Bank of Canada, occurs around Christmas, with the Allocations Memorandum being submitted to the Canadian International Development Board, consisting of the Deputy

CANADIAN INTERNATIONAL DEVELOPMENT AGENCY
BILATERAL PROJECTS DEVELOPMENT AND APPROVAL STAGES

Note: The implementation and completion of projects are covered on page 2 of this table

<u>STAGE 1</u>	<u>STAGE 2</u>	<u>STAGE 3</u>	<u>STAGE 4</u>	<u>STAGE 5</u>
Identification	Preliminary Analysis	Decision in Principle	Development	Approval
<ul style="list-style-type: none"> . Receipt of project request at Post . Review of project request at Post . Review of project request by Area Division in CIDA . Appointment of Project Leader 	<ul style="list-style-type: none"> . Formation of Project Team . Reconnaissance Survey . Preliminary definition of scope, type and extent of financing, and priority of sector 	<ul style="list-style-type: none"> . Minimum description and analysis considered by <u>Project Review Committee</u> . <i>Decision</i> to reject or to proceed with development of project <i>prior</i> to any commitment 	<ul style="list-style-type: none"> . Feasibility Study if required . Determination of economic/technical viability of project . Development of project objectives, components, schedule and cost profile . Estimate of project budget in total 	<ul style="list-style-type: none"> . Approval of project by <u>Project Review Committee</u> . Approval of project by <u>President/Minister</u> for implementation . Signing of "Loan Agreement" or "Memorandum of Understanding" with <u>recipient government</u>

April, 1975

TABLE VI
(continued)

CANADIAN INTERNATIONAL DEVELOPMENT AGENCY
BILATERAL PROJECTS IMPLEMENTATION (PROJECT STAGES 6 AND 7)

Note: The development and approval of projects is covered in Stages 1 to 5 on page 1 of this table

STAGE 6 Implementation					STAGE 7 Completion
Trainees Component	Experts Component	Services Component	Construction Component	Equipment/ Material Component	
<ul style="list-style-type: none"> Review of applications Review of nominations Design of Training Program Placement of trainee Origination of Offer of Training Medical and Security Clearance Arrangement for travel Reception and briefing Administration of program Completion and termination of program Departure arrangements Debriefing of trainee Evaluation of training component taking any corrective action 	<ul style="list-style-type: none"> Review of request for expert services Recruitment of Expert Selection of Expert Reliability clearance Medical Clearance Nomination Contract negotiation Briefing for contracting Departure of Expert Administration of contract Arrangement for return travel Debriefing Evaluation of program taking any action if necessary 	<ul style="list-style-type: none"> Selection of Consultant by Consultants Selection Committee Approval by President Minister Contract negotiation Treasury board approval where applicable Contracting Administration of contract Evaluation of services contract taking any action as necessary 	<ul style="list-style-type: none"> List of qualified potential contractors established. Approved by President/Minister Soliciting of proposals Analysis/assessment of tenders and selection of contractors Contract negotiation by CIDA in the case of grant aid by recipient country in the case of loans Treasury Board approval where applicable Contracting Administration of contract Evaluation of construction contract taking any action as necessary 	<ul style="list-style-type: none"> Identification of method of procurement Selection of supplier through tender calls - DSS/CCC/CIDA Treasury Board approval where applicable Award of supply contract Administration of contract Evaluation of equipment contract taking any action as necessary 	<ul style="list-style-type: none"> Evaluation of all project components in the light of project objectives Corrective action if necessary Initiation of termination procedures Liquidation of project financial funds Handover of project to recipient country

TABLE VII

CANADIAN INTERNATIONAL DEVELOPMENT AGENCY
COUNTRY PROGRAMMING CYCLE

STAGE 1 Program Identification	STAGE 3 Program Analysis and Development	STAGE 3 Program Review	STAGE 4 Program Approval
<ul style="list-style-type: none"> Country Program visits to each major recipient by the country desk officers at beginning of fiscal year Data is collected on recipient's efforts at self-development, assistance received, difficulties being encountered Sector programs and projects are identified and discussed with government officials The Mission supplies economic and program data for evaluation to the desk over the summer The desk also evaluates relevant information from the World Bank, IMF, other multilateral organizations, other donors and Federal Government Departments 	<ul style="list-style-type: none"> Each country desk analyses and evaluates: <ul style="list-style-type: none"> The broad economic problems each recipient is encountering The program each recipient is carrying out to resolve those economic problems (eg. Five Year Plans) The difficulties the recipient has encountered in its program The external assistance the recipient requires to overcome these difficulties The assistance being provided by other donors The appropriate Canadian Program from the above factors & Canadian capabilities best suited towards "matching" the recipient's needs. 	<ul style="list-style-type: none"> The completed country program is reviewed, modified and refined as follows: <ul style="list-style-type: none"> General review of parameters of program by Mission Staff and Officials of recipient Review of each desk's program by Chief Planning Officer & Director General of the Geographic Division Comprehensive review of each program by a Committee of Chief Planning Officers & the Bilateral Program Advisory Group Broad Review of each desk's program, concentrating on policy issues, by the Bilateral Management Group and then by the President's Committee Intensive reviews of each desk's program by the Interdepartmental Committee of Development Assistance (ICDA) to ensure that each program takes into account each Department's concerns about Canada's broad external relations with Canadian aid recipients 	<ul style="list-style-type: none"> Translation of the broad directions and financial implications of the country programs into the Cabinet Allocations Memorandum This Memorandum is discussed with ICDA and frequently the Aid Board Following interdepartmental approval, it is sent to the Minister for his consideration Final formal approval is given by the Cabinet

April, 1975

Ministers of those departments before the end of the fiscal year. Table VII shows the "model" system. As with the introduction of any new system there have been programming and timing problems but they are gradually being overcome.

Evaluation

22. While it would be desirable to be able to report that CIDA rigorously assesses the success or failure of its projects according to a primary criterion - whether the project assisted the host country to achieve a greater degree of self-reliance and increased capacity to advance its own human and socio-economic development - this is not always the case.

23. Most projects are subject to some kind of a final review, varying considerably in degree of formality and depth of analysis, which may involve Canadian government or voluntary agency officials, host country planners, as well as the local and Canadian executing agency. The design of many bilateral projects provides for a regular review of their progress by outside monitors hired from Canadian consulting firms or universities. Independent audits are conducted annually by CIDA's Operational Review Division on a sampling of completed projects, chosen for their relative importance in terms of operational lessons to be learned.

24. In view of the increasing complexity of the development process and the elusiveness of determining developmental results, CIDA has instituted recently for all projects an evaluative methodology, adapted from other donors' testing, which defines at the project design stage a hierarchy of development objectives, the fundamental assumptions implicit in the project, and sets of objectively verifiable indicators, both qualitative and quantitative, which establish the data base and framework for all future audit, monitoring and evaluation activities at the project level.

25. More work needs to be undertaken to determine the longer-term impact of our recently completed projects. With this in mind, discussions are being held with host country institutions and universities, as well as Evaluation Units which have now been established in a number of countries, to determine joint approaches to studies of impact some years after the Canadian contribution has ceased.

COMPOSITION OF ODA

Multilateral Assistance

26. There were no major shifts in policy concerning assistance to multilateral organizations except for a decision to utilize multilateral channels to a greater extent for food aid (see para. 35)

27. In 1974, Canada disbursed \$95.4 million in advances: \$72.5 to the International Development Association, \$2.5 million - Asian Development Bank, \$1.4 million - Caribbean Development Bank, \$19.1 million - Inter-American Development Bank. The only commitments for advances to be paid in 1975 are for the second tranche amounting to \$70.1 million (Cdn \$69.0 million) of Canada's four-year pledge to the fourth replenishment of the IDA, and for the final payment of \$3.1 million of our current pledge to the Asian Development Bank. Negotiations for the replenishment of the capital of the Caribbean and Inter-American Development Banks are currently in progress.

28. Canada also made contributions to the Special Funds of a number of financial institutions. A payment of \$28.7 million to the Inter-American Development Bank represented the third instalment of a three-year pledge including maintenance of value on earlier payments. There are no commitments to this Fund for 1975 since the new pledges will begin in 1976-77. Two instalments amounting to \$2.7 million were paid to the Caribbean Development Bank representing the fourth instalment of a five-year commitment and the second instalment of an additional three-year commitment of Cdn \$5 million. In addition, a payment of \$1.2 million was made to the Agricultural Development Fund of the CDB. Commitments totalling \$9.4 million have been made for 1975 to the Caribbean Bank's Special Development Fund and Agricultural Development Fund. Payments to the Asian Development Bank's Special Fund amounted to only \$1.5 million which represents the 1974 draw-down (\$0.8 million) from Canada's earlier tied contribution and \$0.7 million as part of a two-year Cdn \$10 million contribution. The remaining \$6.1 million of the first year instalment was paid in March 1975 and had been shown as a commitment for 1974 so the 1975 commitment shown is the \$3.4 million due as the second instalment. A contribution of \$5.6 million was made to the African Development Fund as the second instalment of a three-year pledge. In addition to the third instalment of that pledge, a further \$7.7 million has been committed to the Fund for 1975 since Africa, which contains 20 MSA countries, is particularly in need of concessionary funds.

29. Canada continues to encourage the Banks to allocate their concessional resources to the least developed and MSA member countries and to support recent moves in these institutions to place greater emphasis on social considerations in their programs such as a greater concern for job creation and for the use of techniques and technologies adapted to local circumstances and needs.

30. There was continued growth in the program of grant contributions to international organizations both with total volume of contributions, and the number of organizations assisted. While contributions to the general U.N. funds, the UNDP, the WFP and UNICEF continued to comprise over half of total grants to multilateral agencies in 1974, there is greater emphasis on support to other institutions which mount programs of high developmental impact. Programming is increasingly done on a sector basis, using as categories renewable natural resources, non-renewable natural resources, population and health, education and trade promotion. Total disbursements in these four priority sectors were \$10.3 million in 1974. Particular emphasis is placed on two sectors: renewable natural resources, which basically covers the international agricultural research centres; and population, since CIDA's main thrust in the population field is through the multilateral assistance program. Assistance to organizations in the renewable natural resources sector is described in greater detail in Part III.

31. Other programs included in grant contributions to international institutions are regional programs, refugee and relief activities, trade promotion, and contributions to the technical assistance programs of development banks. Regional programs refer to Canada's participation in Commonwealth and francophone development institutions. Disbursements for these programs was \$3.7 million in 1974-75, and are expected to continue to grow, reflecting Canada's conviction that effective contributions to international development are being made by these institutions.

Food Aid

32. In response to the critical food shortages in the Sahel region and the Indian sub-continent, and the balance of payments difficulties experienced by many of Canada's food aid recipients with the increase in oil prices, disbursements on bilateral food aid almost doubled from 1973 to 1974.

33. In addition, a major new commitment was announced by the Secretary of State for External Affairs at the World Food Conference to supply a minimum fixed volume of food aid over the three-year period 1975-76 to 1977-78. Specifically, this commitment entails:

- 1) The minimum annual supply of one million metric tons of cereal grains.
- 2) An increase in the provision of non-grain foods to approximately \$45 million annually. Non-grain food includes foodstuffs such as fish, milk powder, beans and rapeseed.
- 3) An increase in the proportion of food aid supplied through multilateral channels to a minimum of 20% of the total.

34. For the fiscal year 1975-76, Cdn \$255 million has been budgeted for food aid. It is expected that approximately \$25 million in transportation costs will also be paid from other bilateral funds to assist countries with high inland transportation costs or balance of payment difficulties.

35. A new feature of the proposed food aid program is the increasing volume being channelled through multilateral agencies, in particular the WFP. Traditionally, the WFP has received about 15% of Canada's food aid plus a cash grant to cover transportation costs. It is planned to direct about 40% of Canadian cereal and non-cereal food aid through the WFP in 1975, with small amounts going to UNICEF and UNRWA.

Program Assistance

36. Food aid, the most important type of program assistance financed through grant funds, is dealt with in the previous section. Commitments of commodity loans and lines of credit decreased significantly from \$197.0 million in 1973 to \$27.3 million in 1974 because of extraordinarily large commitments made in 1973, the timing of loan agreements and the suspension of new commitments in the Indian program except for food and agricultural assistance (see para. 3). The main commodity loan commitment was \$10.2 million to India for fertilizer.

Lines of credit of \$12.3 million, \$1.5 million and \$1.0 million were made available to Nigeria, Cameroun and Malta respectively. Despite the drop in commitments in 1974, it is planned to make much greater use of lines of credit as a useful semi-automatic mechanism for the transfer of resources.

37. Proposals to introduce three new types of program aid in the Latin America Program were put forward in 1974 and the general concepts were approved. The first recipients of these new types of aid will be Peru and Colombia and final arrangements are being worked out with these countries.

1) The Institutional Support Loan

("ISL" - 0% - 10 years grace - 50 years maturity)

This loan is provided for the purchase of Canadian materials and equipment (subject to a "negative list" included in the Agreement), under the express condition that the funds generated by sub-lending be used to support the activities of institutions engaged in fields of economic and social importance. In the case of Colombia, the recipient government has proposed that the funds generated will be used primarily for afforestation in various parts of Colombia.

2) Feasibility Studies Loan

(3% interest - 7 years grace - 30 years maturity)

The funds provided by this loan are intended to allow the recipient country to finance, totally or partly pre-investment and investment studies by public or private organizations. The loan will be executed by the government body involved in pre-investment and investment financing (for Peru - the Peruvian Development Finance Corporation - COFIDE; for Colombia, the Fondo Nacional de Proyectos de Desarrollo - FONADE). Not less than 60% of the funds will be used to hire Canadian consultants or purchase Canadian goods while the remaining 40% will be untied. The administering agency can directly approve projects under Cdn \$300,000 while for those over \$300,000 Canada must approve the tentative terms of reference of the study and a list of three or more firms regarded as qualified to perform the study.

3) Program Grant

This type of aid is a mechanism for technical cooperation programs which gives the authority for decision-making and administration to the recipient country. Under given financial and policy guidelines, the recipient country allocates the funds provided to programs or projects that support its economic and social development plans. The funds can be used to obtain the services of experts from Canada or a developing country, training at institutions in Canada or a developing country, equipment necessary to carry out activities in which Canadian resources are applied or additional support for improving local capacity in technological research. Not less than 60% of the total grant must be used for Canadian procurement.

38. The main objective of these three new forms of assistance is to provide flexibility and speed for the utilization of Canadian resources, and at the same time, lessen the administrative burden on CIDA. A broader underlying objective, however, is to obtain a more active participation by the recipient country through greater responsibility for the planning and execution of development projects.

Project Assistance

39. Table VII indicates the categories of bilateral commitments in 1974. Technical assistance, which represents 10% of bilateral commitments, is discussed in greater detail in the next section. It should be noted, however, that some technical assistance associated with integrated projects may not be separated out at the commitment stages. A further consideration in interpreting the sector breakdown of project assistance is that much of the technical assistance separated out is directed to sectors which come under the heading of social development.

40. Commitments for the development of public utilities (power, water supply, communications and transportation) continued to comprise the majority of project commitments. In the power sector, a loan of \$10.2 was made to Pakistan for hydro-electric generators and one of \$6.1 million to Niger for transmission lines.

41. Projects for the development of water systems totalled \$43.9 million in commitments. Following a study of water and sewage system committed in 1973, a loan of \$4.6 million was made to Belize for construction of a water and sewage system. An increase of \$11.2 million was approved to a \$20 million loan committed last year to Tanzania for a water supply system for Dar-es-Salaam and \$7.2 million was committed to Ghana for a water supply system.

42. The main commitments for transportation were in Africa with \$20.4 million being committed to Malawi for the construction of a railroad from Lilongwe, the new capital, to the railhead at Salima on Lake Malawi and the upgrading of part of the existing railroad. Another \$9.2 million was committed to the Congo-Brazzaville for the Congo-Océan railway and \$3.1 million to Niger for highway construction.

Social Aspects of Development

43. Because CIDA planning and programming is done along institutional (multilateral) or country lines, the social aspects of development frequently do not receive direct consideration. At the present time, there is no explicit requirement that project analysis take into consideration questions of income distribution, employment, the role of women, etc. However, there is increased awareness of these issues in the discussions at Project Review Committee meetings and in the project submissions themselves.

TABLE VIIICategories of Bilateral Commitments 1974

(\$U.S. Million)

	<u>Grants</u>	<u>Loans</u>	<u>Total</u>	<u>% of Program</u>
TOTAL PROGRAM	366.4	184.2	550.6	
1. Project Assistance ⁽¹⁾	122.3	156.9	279.2	50.7
a) Power Development	3.7	22.1	25.8	
b) Water Supply	22.3	24.0	46.3	
c) Communications	11.6	7.5	19.1	
d) Transport	11.0	62.6	73.6	
e) Agriculture	9.6	14.9	24.5	
f) Industry, Mining & Construction	5.8	8.4	14.2	
g) Commerce, Banking & Tourism	3.6	2.6	6.2	
h) Education	26.1	4.7	30.8	
i) Health	6.1	2.0	8.1	
j) Social Infrastructure	11.6	1.9	13.5	
k) Multi- Sector & Other	10.9	6.2	17.1	
2. Technical Assistance ⁽²⁾	60.3		60.3	11.0
3. Non-Project Assistance	183.8	27.3	211.1	38.3
a) Food Aid	160.0		160.0	
b) Emergency Relief	.5		.5	
c) Commodity Loans & Lines of Credit	3.8	27.3	31.1	
d) Other (IDRC)	19.4		19.4	

1) Includes \$19.9 million in various sectors contributed to projects of non-governmental organizations.

2) Includes \$9.88 million in grants from CIDA to the Canadian University Service Overseas (CUSO) and the Canadian Executive Service Overseas (CESO).

44. If a somewhat narrow definition of social development based on a sectoral approach is used (population, health, nutrition, housing, social change), the present CIDA approach can be summarized as follows: About one-third of all Bilateral projects are found in the social sectors as defined above. In addition, many of the projects which fall outside of those sectors have significant social benefits. Over the last three years, the majority of Bilateral social development projects (77% - 94%) were in education, water supply and sewage. In the field of education, about 30% of expenditures were for construction, about one-half being spent in urban areas with emphasis on university or advanced technical and teacher training. The balance of social development projects were primarily in the area of health and nutrition with small amounts going to population activities. The proportion of bilateral commitments to projects in the social sector has remained approximately the same over the last three years. These figures do not include technical assistance of a non-project nature. Approximately 80% of Non-Governmental Organization projects fall in the domain of social development with the largest number in social and community development (36% in 1973-74), Education (27% in 1973-74) and Health (19% in 1973-74). It is more difficult to be precise about the Multilateral program; nevertheless, a large number of grants went to organizations such as the UNFPA, IPPF, WHO.

45. In an effort to provide clearer direction in a number of sectors including the social ones, a number of sector papers are being prepared. The purpose of the papers is to provide guidelines outlining what CIDA should be attempting to achieve in various sectors and how this could be done, taking into account available Canadian resources.

TECHNICAL ASSISTANCE

46. Technical assistance disbursements, which were \$60.3 million in 1974, stayed at approximately the same level as in 1973. These disbursements include not only CIDA financing for students and trainees, advisers and educational experts but also contributions totalling \$9.9 million to the Canadian University Service Overseas (CUSO) and the Canadian Executive Service Overseas (CESO) in support of their volunteer programs. Table IX indicates the number of students, trainees, experts and teachers financed by Canada in 1973 and 1974 and the number of volunteers who went abroad under CUSO and CESO. There was a decrease in the number of students and trainees educated in Canada, but not in the number of third country students and trainees financed by Canada. An increased emphasis is being placed on programs which provide management skills, and the possibility of establishing special training courses in Canada is being investigated.

47. As in previous years, the majority of teachers and educational experts are located in Africa, but numbers in all categories have declined. The number of advisers sent out from Canada, however, increased from 419 in 1973 to 512 in 1974, with the majority working in the fields of public administration, agriculture, economic planning and public utilities.

TABLE IX

TECHNICAL ASSISTANCE FINANCED

BY CANADA, 1973 & 1974

	<u>1973</u>	<u>Number</u> <u>1974</u>
Students in Canada	1,392	1,242
Trainees in Canada	853	855
Third Country Students and Trainees	421	613
Educational Experts:	970	813
Teachers	798	722
Educational Administrators	97	41
Educational Advisers	75	50
Advisers	419	512
of which: Economic Planning	70	77
Public Administration	90	92
Public Utilities	60	99
Industrial Management	49	56
Trade	20	60
Agriculture	75	101
Health & Social Services	47	29
Volunteers	1,471	1,324

Third Country Training

48. There was increasing emphasis on the use of developing country institutions for third country and regional training under general awards schemes in 1974. In Asia 145 students were sponsored at the University of the South Pacific for undergraduate diplomas and degrees, 16 graduate students were at the Asian Institute of Technology and 32 students were at three regional centres under the South East Asian Ministers of Education Organization studying agriculture, tropical medicine and science and mathematics. In Africa there are two large schemes, one administered by the Association of African Universities under which 74 undergraduates and 5 graduates attended various African universities for studies in development oriented fields such as medicine and agriculture; the other operated at CESTI (Centre d'études supérieures en techniques de l'information) in Senegal where 60 students receive journalism training. In addition, 42 students from the region attend the University of Botswana, Lesotho and Swaziland under a Canadian scholarship scheme administered by the University. Canada also supports the UBLs through funding for an upgrading course in science and mathematics required for all students taking the Bachelor of Science degree.

49. In the Caribbean, a deliberate effort is now being made to use regional educational and training facilities as much as possible. Training facilities in the Caribbean have developed considerably in the past decade and it is felt that most of the Area's training requirements can be met in the region, although there are some degree programs such as veterinary medicine which are not available. It is desirable to use regional facilities for a number of reasons: this training may be more specifically relevant than Canadian training, problems of social and cultural adaptation will be less for the students, a measure of financial support is provided to the regional institutions and the cost per student will probably be less. In addition to the 158 students studying at the University of the West Indies on Canadian scholarships during 1974, there were 81 students attending six other institutions: The Jamaica School of Agriculture for diplomas or degrees in agriculture, home economics, animal or crop husbandry; the St. Lucia Technical Teacher Training College, the Eastern Caribbean Institute of Agriculture and Forestry, the Barbados Hotel School, the Guyana School of Agriculture and the College of Applied Science and Technology. Other institutions in the regions are being considered for training programs and it is hoped to phase out most training programs in Canada in the next few years.

50. In 1974, a grant of \$50,000 was made for the first time to the Centre for International Management in Switzerland, the first contribution of a three-year pledge to provide scholarship for middle and senior level managers from the developing countries to attend the short-term courses at the Centre.

Recruitment and Briefing

51. Several new techniques for recruitment and briefing were introduced during 1974. In the Francophone program, selection/decision making weekends conducted on the model of an assessment centre were introduced for prospective experts and advisers. The candidates are given information about the host country and are involved in structured exercises which enable them better to evaluate themselves in situations which would arise in their prospective assignments. At the same time, they are evaluated by professionals regarding their suitability for an overseas assignment. These weekends are preliminary to the final decision on recruitment and do not replace the regular briefing program once an adviser or expert is selected. A similar program is being developed for the Anglophone program.

52. Three different information packages have also been developed for prospective advisers. The first package is provided when initial contact is made with CIDA; the second at the pre-selection stage and the third before final briefing. They contain information, articles and questions on international development in general and CIDA in particular, inter-cultural communication and specific information about the country, project and job for which the adviser has been recruited. At present, the packages are available only in French but an English version is being prepared.

53. In some cases, briefings have been held outside Ottawa for groups going to one country. A group of 68 consisting of miners and their families going to India to assist in the second phase of a training project at the Khetri copper mine were briefed in Sudbury while another briefing was held in Sudbury with a group destined for Indonesia.

54. In the Latin America program, since January 1974, experts and advisers with CIDA contracts and their families have been receiving Spanish language training in Guatemala for 8 - 10 week periods. This total immersion in language and culture has been found to be more successful than language training and briefing in Canada, although the advisers are still given a briefing on administrative details in Ottawa.

55. Another innovation in 1974 was the introduction of two-day orientation sessions for new students and trainees. In the past, new arrivals who passed through Ottawa were met by the project officer responsible for their training and briefed on administrative matters but there were no organized group briefings. The sessions held in 1974 were in both French and English and provided through videotape, discussions and written material basic information on training programs, administrative details of the awards, the academic environment, Canadian geography, government, history and society, social situations, money matters and possible problem areas. Feedback from the sessions confirmed their usefulness and also indicated that students from different areas require different types and levels of information. The programs for 1975 are being redesigned to reflect the changes suggested by the evaluation of the previous sessions.

International Development Research Centre (IDRC)

56. The main channel of Canadian assistance to research in 1974 continued to be the International Development Research Centre (IDRC), which was set up as a public corporation by Act of the Canadian Parliament in 1970. The Centre has been the managing agent for certain projects that are jointly funded by other organizations such as the Ford Foundation, but its own funds have so far all come from the Parliament of Canada, which in 1974 appropriated \$19.4 million for this purpose.

57. From the outset, the Centre's major concern has been to support research in developing countries that will make use of science and technology to improve the economic and social wellbeing of rural peoples. In 1974, this remained the principal concern and the majority of projects supported were in the sectors of agriculture, rural health care and other work in support of the improvement of rural communities. There were, however, a number of projects that offer more benefit to urban populations; among these were studies in low-cost housing in eight countries of South East Asia and seven countries of Latin America and research into the mechanisms needed to implement science and technology policies.

58. By December 31, 1974, the Governors of the Centre (11 of whom are Canadian and 10 non-Canadian) had approved a total of 302 projects in 75 different countries which will call for expenditures of \$46.6 million. Once again, the program had doubled in volume of funding in a single year. During calendar year 1974, a total of 112 projects were approved requiring expenditures of \$23.4 million. Of the cumulative total of \$46.6 million, only \$4.1 million had been allocated to research in Canadian universities and institutions and this work was in every case being done in direct support of a project in progress in a developing country. An example of this is the \$672,000 grant to the University of Saskatchewan for a five-year project of fundamental research into the hormonal influences that affect drought tolerance in sorghum; this work will be of assistance to plant breeders in Africa and Asia who are working to improve sorghum yields in dry regions and who are linked in a network of research with hubs at international centres in the Lebanon and India.

59. IDRC support of agricultural research has been balanced between contributions to the international institutes (the cassava program at CIAT in Colombia, triticale development at CIMMYT in Mexico, multiple cropping research at IRRI in the Philippines, sorghum and millet and grain legumes research at ALAD in the Lebanon and ICRISAT in India) and "outreach" programs in individual developing countries where the improved varieties developed at the large institutes can be tested in local conditions. Up to December 1974, a total of \$17.9 million had been committed for projects in agriculture.

60. Alongside this work on crop research has grown a network of researchers concerned to improve post-harvest technology and thus reduce the losses which occur at each stage between harvest and actual consumption. Studies commissioned on post-harvest rice technology in South East Asia and on the food grains industry in several semi-arid areas of Africa have led to a number of projects being supported in both regions.

61. Progress has been maintained in the innovative types of research in agriculture and in forestry linked to food production that were noted in last year's report. Another initiative worthy of note was the research begun in Guatemala on developing livestock feed based on the use of high levels of coffee pulp and similar work in Mexico using the residue of sugar cane.

62. During 1974, exploration of alternative systems of rural health care delivery was supported in several countries in Asia and Latin America and through seminars and publications the Centre made efforts to spread knowledge of the experience of countries which have led in this field, such as Iran and Venezuela.

63. In work on population issues, a broad approach was taken in line with the general views expressed at the Bucharest Conference that the complexity of the variables affecting fertility behaviour requires research by social scientists alongside that by physical scientists. Many projects, therefore, in the area of population policy and dynamics were undertaken by social scientists; and IDRC jointly with the Ford Foundation initiated in 1974 a special awards program in South East Asia (known as SEAPRAP) to encourage more young social scientists to enter the population field.

64. In the Social Sciences program itself, mention has already been made of the studies in the implementation of technology policies and in the area of low-cost housing. Another sector of research which grew in importance in 1974 was that of "development management" and the Centre responded to the needs expressed particularly in Asia by assisting a network of institutions which are analyzing the performance of public enterprises in stimulating and guiding development in several countries from South Korea to Bangladesh.

65. The Information Sciences Division took a lead, alongside the OECD, in promoting the creation of DEVSIS, a worldwide system which would collect and disseminate information about economic and social development projects, plans, programs and achievements. Regional institutions in Latin America and South East Asia were supported in their work of collecting agricultural literature for AGRIS, the international system being operated by the Food and Agriculture Organization; and two more specialized agricultural information centres were established, one on grain legumes in Nigeria, the other in Israel dealing with irrigation science and technology.

66. In November 1974 a fourth regional office was opened. This latest IDRC regional office is in Beirut and its staff travel throughout North Africa and the Middle East to make regular contact with the governments and research institutions in the area. It is headed by a national of the region as are the other three offices, in Singapore, Bogota and Dakar. Also during the year, Cheikh Hamidou Kane of Senegal took up the appointment of Vice-President International; his duties include the supervision of the regional offices.

PUBLIC OPINION

Evaluation of Public Attitudes

67. No comprehensive study of public attitudes towards international development assistance has been undertaken in Canada. The lack of an accurate assessment of attitudes towards the developing countries and towards Canada's role has been recognized by CIDA for some time, and a national attitude survey now is in preparation.

68. Some indication of public opinion may be drawn from the Gallup polls, the most recent of which indicated that 72 per cent of those adults 18 years and over interviewed agreed that developed countries must share responsibility for the "problems" of the underdeveloped nations. In response to a question as to whether Canada was doing enough to help relieve "extreme shortage of food", the response indicated 46% thought Canada's effort was "about right", 28% felt Canada should do more and 15% thought we should do less. This poll was conducted in February, 1975 following extensive publicity to the Canadian pledges at the World Food Conference. In a similar poll in 1969, 61% replied in the affirmative when asked "do you think Canada should help other countries achieve a higher standard of living?"

69. These surveys, and smaller, local polls, tend to support the hypothesis that most Canadians are concerned about the needs of the under-developed countries and believe that governments as well as individuals must be prepared to help, basically through the traditional forms of government or voluntary aid. The strongest motivating factor has appeared to be a vague feeling of humanitarianism. Furthermore, the steady growth in the number of non-governmental organizations actively involved in the international assistance field and their increasing range of activity indicates that public support and involvement is indeed growing. Information programs operated by these groups focus not only on development assistance efforts but increasingly on broader issues such as the UNCTAD and GATT negotiations, and the results of the World Population Conference and the World Food Conference. The strength of general public support in the face of economic difficulties, however, has not yet been severely tested, given Canada's relatively favorable economic performance in comparison with other countries.

70. Against this background, the federal government has been able to steadily increase, in volume terms, the amount of tax funds allocated to international development assistance. All major political parties in their platforms for the last federal election in 1974 indicated support for continued growth in aid spending.

71. Within the last six months, the media and some Members of Parliament have expressed new interest in the volume, policies and administrative procedures of the official development assistance program. A number of articles appeared in the national press criticising various aspects of aid administration or specific aid projects, leading to questions in Parliament and more intense study of CIDA spending estimates by the House of Commons Standing Committee. With few exceptions, however, critics preface their remarks by stating their support for Canada's aid effort and urging that more, not less be done.

72. The questioning attitude can be traced to public concern about the effectiveness of and control over Canadian aid spending, which will be close to \$1 billion in 1975-76 - one of the largest non-statutory items in the Federal budget - as well as over crises in the Indian sub-continent and Africa and publicity generated by recent international conferences. Nevertheless, the very magnitude of CIDA's current spending authority, combined with the concern of individual Canadians about inflation, makes it clear that CIDA will continue to be subject to a searching public scrutiny of its activities from a range of viewpoints.

Public Information and Development Education - CIDA

73. The public affairs and information programs of CIDA are the responsibilities of the Communications Branch, headed by a Director-General, who reports directly to the President of the Agency and is a member of the senior management committee. These programs are implemented by an Information Division headed by a director, and comprising approximately 20 professional staff and 10 support staff. The Division includes an editorial services unit responsible for all publications and a creative services group which includes two senior press relations officers and a chief of audio-visual services. The Division had a budget of \$290,000 excluding salaries in 1974-75. The main objectives of the Branch are to create greater public awareness of the issues of international development, greater public support for and involvement in international development activities and increased support for official programs of development cooperation. In pursuing these objectives with limited funds and manpower resources, much care must be taken in choosing target audiences and priorities. Reaching all Canadians is the ideal - but unrealistic goal. Historically, much of the effort has been directed towards information conveyors - the media and the non-governmental organizations. A tabloid quarterly newspaper has been launched to help stimulate the interest and involvement of non-governmental organizations, including groups representing sectors of the population not previously involved in international activities.

74. The involvement of young people and their teachers is seen as essential to development of long-term support for international development and a deeper appreciation of the issues which will mould the lives of Canadians in the next decade. To meet this need, innovative educational materials are being developed to help involve young people in international development. Since the World Food Conference, emphasis has been placed on providing materials which will increase awareness of the dimensions of the world food crisis.

75. A list of the publications made available by the Information Division is attached as Table X. In addition increasing use is being made of audio-visual techniques for communicating with specific or mass publics. A number of films and audio-visual aids made by the UN, World Bank and the OECD are available from CIDA. Four half hour films examining the problems of population in four geographic areas (Latin America, Africa, Europe and Asia) were made in 1974 in conjunction with the UN.

Public Participation Program

76. In addition to the activities of the Information Division of CIDA, a public participation program was launched by the Non-Governmental Organizations Division of CIDA in September 1971, in response to the UN's Second Development Decade Action Program and to NGO requests for CIDA funding in support of these development education activities.

77. The primary purpose of the program is to promote Canadian support for international development cooperation, both in helping to meet immediate development needs and in response to the United Nations call for a more equitable and cooperative use of the world's resources. The program accordingly aims to activate among Canadians a more informed awareness of international development issues, policies and programs; give people in all regions of Canada the opportunity to participate, personally and directly, in international development cooperation; stimulate and support such participation through the development education and action projects of non-governmental organizations, institutions and community groups.

78. The budget of the program in 1974-75 was \$1.2 million, and in 1975-76 it was increased to \$1.5 million. The money is totally allocated to NGOs on a matching basis for individual education/action programs. CIDA usually contributes 50% of total project cost up to a normal grant limit of \$15,000 (but can go higher for projects rating highest priority). For its matching component, the NGO can put a dollar value on in-kind contributions, e.g. number of hours service volunteers will donate to project, paid staff time donated, office space provided, materials and equipment used, etc. Two-thirds of all projects funded to date have involved a CIDA contribution of under \$10,000. The grants provided are essentially seed funds intended to help NGOs initiate new development participation projects. If NGOs and community groups then wish to continue any activity over a longer-term period, they themselves must assume financial responsibility for its continuous operation, independent of CIDA. Highest funding priority is given to projects that:

- 1) Promote the involvement of people in major public sectors, geographical areas and organizations not yet engaged in international development cooperation.

TABLE X



Canadian International
Development Agency

Agence canadienne de
développement international

Publications

The following publications are available free of charge from the Canadian International Development Agency, Information Division, Communications Branch, 122 Bank St., Ottawa K1A 0G4:

PERIODICALS

- **Cooperation Canada**
Magazine on international development.
- **Contact**
Monthly newsletter on CIDA projects and other international development activities.
- **Action**
Quarterly tabloid on the work of voluntary groups (non-governmental organizations) for world development.
- **Selection**
Monthly selection of Canadian and foreign news clippings on international development. Because of cost, this item is available only to libraries and organizations.

REPORTS

- **CIDA annual review 1973-74**
- **Taking Stock**
A review of CIDA activities 1970-74.
- **Annual Aid Review 1974**
Report on Canada's development assistance program presented to the Development Assistance Committee of the Organization for Economic Cooperation and Development.
- **Foreign Policy for Canadians / International Development 1970**
Canadian Government review of foreign policy regarding international development.

SUMMARIES OF CIDA PROJECTS BY AREA

- Canada's Development Assistance to Asia
- Canada's Development Assistance to Commonwealth Africa
- Canada's Development Assistance to Francophone Africa
- Canada's Development Assistance to the Commonwealth Caribbean
- Canada's Development Assistance to Latin America.

THOUGHTS ON INTERNATIONAL DEVELOPMENT:

Series by CIDA President Paul Gérin-Lajoie

- Focus on Man (7)
- No Room for Routine (6)
- Journey to Justice (5)
- Developmental Administration (4)
- Educational Innovation (3)
- The Development Officer (2)
- Approaches to the Seventies (1)

PAMPHLETS

- **The Challenge of World Development: Canada's Role**
- **What Can You Do to Help the Developing Countries?**
- **This is a Person-to-Person Call**
An explanation of CIDA's Non-Governmental Organizations program.
- **So you want to serve overseas**
- **International Development Scholarships for Canadians**
- **Investment Partners from Canada**
Investment opportunities in developing countries.
- **Pre-Investment Incentive Program**
Outline to assist Canadian firms contemplating investment in developing countries.

OTHER SOURCES

Material explaining their work for international development is available from Canadian non-governmental agencies.

UN publications are available in Canada through Information Canada bookshops in Halifax, Montreal, Ottawa, Toronto, Winnipeg and Vancouver.

- 2) Include as an integral component direct, practical support for development work overseas, preferably of a continuing nature.
- 3) Represent a cooperative effort between various agencies and groups.
- 4) Make use of innovative approaches and techniques to secure greater public participation.
- 5) Concentrate their action at the regional, provincial or community level.

79. Approximately 300 projects have been funded to date. Some examples are:

- 1) Development Education Animateur Program
The Canadian Council for International Cooperation has 7 animateurs, regionally based throughout Canada, who help NGOs and community groups to initiate new development education activities and who provide a coordinating and communications link between all groups.
- 2) Ten Days for World Development
Four major churches operate a joint annual campaign in the period preceeding Lent, and church leaders from Canada and the Third World, such as Dom Helder Camara, tour Canada to raise interest in aid and related issues. As part of the campaign, information kits and training are provided to local clergy and church groups. Following the 1974 campaign, the Anglican, Catholic and United Churches in British Columbia have cooperated in providing the services of an animator for their members throughout the province, assisted by the Public Participation Program. A clergyman himself, he assists congregations, study groups, clubs and other clergy to become more actively involved in international development cooperation.
- 3) The Alberta Committee of International Agencies
A coalition of international development agencies and community groups has enlisted the support of over 40 other organizations and institutions for Alberta/World Reflections, a six-week festival of events about Alberta and the Third World. Art galleries, the Canadian Broadcasting Corporation, libraries, museums, the National Film Board, provincial government departments, school boards, service clubs, theatre groups and universities are all taking part.
- 4) YMCA - YWCA
Nine YMCAs in Northern Ontario have strengthened membership interest in their project work overseas by holding a series of workshops on international development. YMCAs and YWCAs in other parts of Canada are following a similar approach that uses the experience of "Y" projects overseas to sensitize Canadian members to development issues.

5) Opération-Dignité II

This organization brings together 28 community groups in the Gaspé region of Quebec and is working out new ways to involve the people of rural areas in international development cooperation. Two animateurs are conducting a six-month research project to determine the most effective methods.

80. Precise results in terms of attitudinal change, and degree of public support for international development cooperation, are hard to measure. CIDA-funded projects have covered several hundred communities across the country and reached many thousands of Canadians not previously involved in international development. Such activities have generated considerable interest among politicians at the federal and provincial level, news media, teachers and students, the congregations of all major churches, youth organizations, etc.

81. Non-governmental organizations, development education groups and the churches constitute a strong base of support for CIDA and its work overseas, as well as being the most vocal advocates of a greater effort by Canada in the larger context of its overall economic relations with developing countries.

82. Another important result for which development education can rightly claim credit is the way in which it has facilitated greatly improved cooperation and coordination between NGOs, e.g. in four provinces they have now formed inter-agency councils which are proving to be very effective.

83. In financial terms that directly affect NGO operations, the most significant result has been the recent involvement of several provincial governments which are now matching funds raised by NGOs in their provinces on a dollar for dollar basis. CIDA in turn can match combined NGO and provincial funds so that, for example, \$50,000 raised from the public by an NGO in Alberta becomes \$200,000 for overseas projects. Matching funds provided by provincial governments now total over \$7 million and may go to \$16 million this year.

NON-GOVERNMENTAL ORGANIZATIONS

84. The non-governmental sector is of growing importance in international development. Its value is not only in encouraging the participation of people in their own advancement, but also in making possible the transfer of increasing financial resources, most of it untied, to the developing countries. Governments are giving growing recognition to the NGO channel as a practical and productive means of development.

85. Over the past seven years or so, CIDA has continued to intensify and broaden its support to the developing countries through the non-governmental sector. In 1974 some 200 NGOs undertook more than 600 projects worth \$90.5 million in more than 90 countries, including for the first time Guinea Bissau and Liberia. Through the Non-Governmental Organizations Division, CIDA provided \$29.8 million of this amount in matching grants support which generated an additional \$60.7 million of development assistance in cash, goods and services from the private sector. CIDA also supported NGOs in their other vital role of mobilizing through development education programs in Canada greater public support for international cooperation.

86. The continued growth of the NGO program (from \$5 million in 1968) demonstrates CIDA's confidence in this sector for development action. The success of these activities in helping to harness the energies of people in the developing countries is becoming more and more recognized; through local initiatives encouraged by non-governmental organizations, men and women in developing countries are assuming more responsibility for improving their communities, thus complementing to a significant degree the development plans of their respective governments.

87. The advantages of the NGO vehicle are not confined to the developing countries. From Canada's point of view, the NGO program is proving to be a catalyst in the efforts of Canadian agencies to pool their resources. Because of the flexibility inherent in the private sector approach, Canada has been able to encourage the transfer of a wide range of Canadian human resources to developing countries and, in many cases, to provide highly qualified professional people to indigenous institutions. It has also served to increase awareness on the part of Canadians generally of the needs of those living in poorer countries, and to further opportunities for the participation of Canadians in international activities designed to bring about a more equitable sharing of the world's resources.

Impact of NGO Program

88. CIDA contributes to more than 200 Canadian agencies which are active in various ways in Commonwealth and Francophone Africa, Asia including the Pacific area, the Middle East, Latin America and the Commonwealth Caribbean countries. The participation of CIDA's NGO Division takes many forms. In some cases, matching grants are made to individual agencies for one or more specific projects in a particular area. There are also a number of private agencies in Canada, some of which are national components of world wide organizations, which have on-going programs in most of the developing countries.

1) Rural Development

A project typical of those assisted through CIDA's NGO Division is the Nutrition Centre established in northern Rwanda by the Catholic Relief Services and OXFAM Canada. Its purpose is to help pregnant women, improve nutrition, follow the development of young children, and provide education concerning food and hygiene, at the same time involving the fathers of families. Above all, it uses local foodstuffs to overcome the malnutrition suffered by more than 25% of the infant population. This centre is the first of 13 new centres and, because of its success, the Government of Rwanda now arranges for all nutrition people to be trained there. Another project directed particularly to improving village life is at Angar Gutin in Ethiopia.

Villagers who were landless peasants are attaining self-sufficiency in a project which involves the creation of a completely new settlement on approximately 50,000 acres of virgin agricultural land donated by the Government of Ethiopia. Each farmer is responsible for clearing his own land and building his own house. Everyone receives on-the-job training in a trade so that all villagers perform needed functions in the community. Courses include carpentry, blacksmithing, brickmaking, weaving, child-care, nutrition, and agriculture. Involving at present a core group of about 150 families, the key to the project's success has been a unique blend of individual and communal initiative - a blend that has turned it into a community, not just a settlement. Villagers operate on a cooperative basis in such activities as marketing, entertainment and law enforcement, and are administered by a council of elders. When there is an overall decision to make, it is reached collectively. Canada, through the Canadian Catholic Organization for Development and Peace (CCODP) and CIDA, has been a major contributor to this project. European non-governmental organizations have also participated.

2) Appropriate Technology

The growing importance of appropriate technology as a means to further the development of rural areas has significance for private agencies. One such project which receives financial assistance from CIDA is in Bangladesh and is being undertaken by the National Fishermen's Cooperative Society in cooperation with the Canadian Hunger Foundation. This involves overcoming the shortage of fishing boats. Wood, the traditional material, is in short supply, but through the efforts of a Canadian engineering professor it seems that ferro-cement boats can possibly fulfill the needs of the local communities. The boats can be built by the people themselves with little experience. With proper training, local people will be able to carry on independently. This is an example of a project that is not designed to build a lot of boats for people, but to transfer technology that can be employed by the fishing communities themselves.

Canadian University Service Overseas/Service universitaire canadien outre-mer (CUSO/SUCO)

89. One of the major NGOs to which CIDA contributes annually is CUSO/SUCO. It has traditionally been involved in making personnel available to developing countries, originally as relatively inexperienced volunteers and more recently as professional and qualified personnel. CUSO/SUCO has now widened its scope to include project assistance to developing countries, thus providing resources locally where they are needed. With a CIDA contribution of \$1.1 million in 1974 to the CUSO/SUCO Projects Fund, some 98 projects have been carried out, ranging across various sectors, notably community development, agriculture, health and education. All projects were directed mainly towards improving rural areas, included significant counterpart involvement and were designed to become self-sustaining within a stipulated period.

Involvement of Youth in Development

90. Canada World Youth-Jeunesse Canada Monde(CWY-JCM) is responsible with CIDA help for a program unique in Canada's international development activities. The growing consciousness of interdependence, since the inception of international development programs to help new nations emerging out of colonial status, has been mainly a concern of the adult world. Through CWY-JCM, Canadians and young people in the developing countries between the ages of 16 - 20 are given the opportunity to live and work together for nine months on development projects which are chosen according to the resources and needs of specific communities and groups in Canada and in the exchange countries.

91. Canada has contributed \$2.8 million in 1975 to this program to continue and enlarge its operations, and projects have been undertaken in Latin America, Africa and Asia.

International NGOs

92. A new dimension was added to Canada's NGO activities in 1974 by the expansion of its program to include contributions to international non-governmental organizations. In this way, Canada will be able to assist indigenous NGOs which do not have Canadian affiliates or counterparts, but which have links with international NGOs. Many international NGOs play a key role in the Third World, mobilizing resources on an international scale, pooling expertise and providing services from a wide range of countries. Thus the opportunity for furthering Canadian capacity to respond to expressed needs is enhanced. Another advantage is that international NGOs have national affiliates in developing countries which can assume responsibility for local management and action, thereby ensuring self-help in a real sense. By supporting international NGOs, CIDA will also assist Canadian NGOs, which often depend on the services rendered by international NGOs, for example in utilizing their lines of distribution and the existing structures of national affiliates. Projects coming within this aspect of the NGO program are now in the planning stage and it is expected that they will represent a significant contribution in the future.

Public Participation

93. All the projects in which CIDA takes part through the NGO program, involving as they do various private groups, can be said to have a spin-off value in increasing the public's knowledge of development issues. However, in addition to this, the NGO Division has a special program designed specifically to increase public awareness of the responsibility of richer nations to share their resources and advantages with others less privileged. Details of the public participation program are covered elsewhere in this report in the section entitled "Public Opinion".

OTHER OFFICIAL FLOWS AND PRIVATE INVESTMENT

94. The Government of Canada bought \$33 million of IBRD Bonds in 1974 while \$25 million matured, leaving a net outflow of \$8 million. These holdings are part of Canada's international reserves.

Export Credits

95. Commitments of official export credits extended by the Export Development Corporation to the developing countries increased from \$401.2 million in 1973 to \$570.3 million in 1974. In addition, commitments for the refinancing of notes due to EDC totalled \$5.5 million. At the end of 1974 new legislation was adopted raising EDC's legal ceiling for financing of export credits made on its own account from Cdn. \$1.5 billion to Cdn \$4.25 billion.

96. Net disbursements to developing countries related to official export credits extended by the EDC amounted to \$141.6 million in 1974 compared with \$67.8 million in 1973. In addition, disbursements made available for the refinancing and rescheduling of official export credits amounted to \$10.1 million, compared with \$8.3 in 1973. Total OOF gross disbursements under financing agreements with developing countries in 1974 amounted to \$215.6 million, which is equivalent to 80% of the total amount disbursed for all countries.

97. Commitments for the "Industry, Mining and Construction" sectors totalled \$111 million while those for the "Development of Public Utilities" amounted to \$444 million. The "Multisector" commitments were \$15 million. Developing countries in Central and South America received the greatest proportion of new credits, 61% of total EDC lending to developing countries, while Africa received 16%, Europe 6%, Middle East 14% and Asia 3%.

98. Gross disbursements related to private export credits officially guaranteed by EDC, with a maturity of more than one year, increased from \$63 million in 1973 to \$179 million in 1974. Net disbursements were \$111 million in 1974, mainly because of wheat transactions. In 1973, this amount was negative because a few large contracts made some years ago were being repaid.

99. EDC's average lending rates are related to the cost of money and the rates charged by other export credit agencies. As a result the interest rates charged in 1974 varied between 6% and 9%. The Corporation examines and evaluates the creditworthiness of borrowing countries before new export credits are extended. This economic analysis, made by EDC's Economic Department, relies on information provided by the borrowing countries, by international private sources, by international institutions such as the IBRD and the IMF and also by the Berne Union. In the case of substantial projects, this type of evaluation also includes a study of the general benefits to the economy of the borrowing country. In addition, the Export Development Corporation maintains a strict control of the economic viability of the projects. A special department has been created by EDC to assess each project from a purely technical point of view. Only projects which are financially viable and will bring a reasonable rate of return on the investment are financed by EDC.

100. Most of the financing extended by EDC is to public bodies in the borrowing countries. In each instance, EDC insists on obtaining a guarantee from the Central Bank or, when this is not possible, from another central authority, e.g. the Development Bank or the Ministry of Finance. In instances where loans are extended to the private sector, a financial guarantee from the borrowing country is generally required.

Direct Investment

101. The book value of Canadian direct investment as a result of capital flows from Canada and the retention of earnings in LDCs rose by \$193 million in 1974 compared with an increase of \$125 million in 1973. Of this total, \$109 million represented capital flows and \$84 million the preliminary estimate of the increase in investment attributable to retained earnings. The increase in new capital investment over last year was mainly due to larger investments by two major companies in western hemisphere countries; these investments occurred in the "other industries" and the "mining and smelting" sectors. The new direct investment in developing countries was 20.9% of all Canadian direct investment in 1974.

Other Bilateral Securities

102. Portfolio investments came back to a normal flow of \$23 million after having reached a high level of \$43 million in 1973.

Private Monetary Institutions, Long-term Assets

103. For the first time, data on Canadian dollar loans by Canadian banks to LDCs are included along with their foreign currency business, making a total net outflow of \$421 million. There was a net repayment of Canadian dollar loans by LDCs which led to an inflow of \$12 million; the outflow for the net disbursement of foreign currency loans amounted to \$433 million in 1974 compared with an outflow of \$287 million in 1973. As in 1973, the bulk of the flows went to western hemisphere countries.

Business and Industry Division

104. Well-publicized discussions at recent international meetings stressing the wishes of many developing countries for more rapid industrial development and expansion of trade have led to an increased interest in the Canadian private sector in the possibilities of investments, joint ventures and other forms of industrial cooperation.

105. During 1974, more than 200 Canadian companies approached CIDA for information about such possibilities. Through its Business and Industry Division, CIDA responded by providing technical data and by facilitating direct contacts between Canadian businessmen and potential partners in developing countries. In addition, through its Pre-Investment Incentive Program, CIDA supported 54 reconnaissance or feasibility studies undertaken by Canadian firms. Help was also given to governments and companies of developing countries who were seeking Canadian investment partners. At the end of the year, 40 proposals were under active consideration by Canadian firms.

106. In October 1974, CIDA sponsored in Ottawa a Consultation Meeting on the Andean Group which enabled a selected group of Canadian industrialists, bankers and consultants to discuss industrial cooperation with senior representatives of the public and private sectors in the ANCOM member countries. A report of this Consultation has been published.

107. CIDA is currently examining possible additional methods for enabling the Canadian private sector to respond to requests for assistance from developing countries.

OTHER RELEVANT ASPECTS OF COOPERATION POLICY WITH THE DEVELOPING COUNTRIES

108. In the Speech from the Throne on September 30, 1974 the Canadian Government indicated that Canada's contribution to international measures to aid developing countries would entail not only increasing the flow of development assistance, but also re-examining other policies which affect Canada's economic relations with developing countries.

109. Canada has not, in general, accepted the principle that international trade, commercial, transport, financial and monetary arrangements should be reformed deliberately to discriminate in favour of developing countries. Accordingly, Canada expressed reservations on a number of the major issues dealt with in the Declaration and Plan of Action on the Establishment of a New International Economic Order, and in the Charter of Economic Rights and Duties of States. In some areas, such discrimination by other industrialized countries or by Canada itself would be seriously inimical to domestic interests.

110. Canada has, however, affirmed that, consistent with the broad objectives of its development assistance program, it will - where feasible, and without binding itself to specific time frames - support measures in the trade, finance and monetary spheres which take special account of developing countries' needs to advance their economic growth. This has already been evidenced in Canada's support of the Tokyo Declaration (the basis for the current round of Multilateral Trade Negotiations), the Generalized System of Tariff Preferences (GSP), Part IV of the GATT (relating to the particular situation of developing countries), special facilities in the IMF (e.g. a possible concessional fund for the Oil Facility), active and constructive participation in the Working Group of the Charter of Economic Rights and Duties of States and participation in commodity negotiations and consultations of special interest to developing countries.

111. In line with this policy, the Secretary of State for External Affairs established in the autumn of 1974 an Interdepartmental Committee on Economic Relations with Developing Countries (ICERDC) to re-examine non-aid policies affecting Canadian economic relations with developing countries. The Committee is chaired by the Under Secretary of State for External Affairs and its members are at Deputy Minister level from the Departments of Finance; Industry Trade and Commerce; Transport; Agriculture; Consumer and Corporate Affairs; Energy Mines and Resources; and the Privy Council Office, the Treasury Board, CIDA and the Ministry of State for Science and Technology.

112. The non-aid policies which the Committee will consider include tariffs and trade, investment, financial and monetary policy, transfer of technology and aspects of transport, energy resources and agricultural policies. The terms of reference of the Committee direct it to examine these policies from the perspective of the bearing they have on Canada's overall relationship with the developing countries. The Committee is now actively involved in reviewing the appropriateness of Canadian policy in certain areas with a view to determining those areas where Canada might be able to respond positively to the needs and aspirations of the developing countries.

PART II - AID ALLOCATION POLICIES IN THE LIGHT OF CHANGING REQUIREMENTS

CRITERIA FOR THE BILATERAL ALLOCATION OF AID

1. The criteria outlined in the Government's Foreign Policy Review of 1970, repeated in last year's memorandum, still remain the general guidelines for the allocation of Canada's bilateral assistance, but with the changing international economic situation, more weight is given to particular criteria among them, such as the country's balance of payments situation. The criteria are:

- the specific economic needs of the countries and the availability in Canada of the kinds of resources required to meet those needs;
- the ability of the developing countries to utilize Canadian resources effectively;
- the level and types of aid available from other donors;
- the extent to which Canada can influence the recipient countries' economic performance through its aid program; and
- the political importance attached to economic development in different countries, and the historical ties which Canada has with specific countries.

2. Other criteria, such as the size of the population, the level of assistance from other donors, the need to avoid excessive dispersion of the program, the presence or absence of a Canadian mission in the country and trade possibilities are also taken into consideration.

3. As part of the Strategy exercise, the criteria for allocating funds are being reviewed, as is the question of the number of recipients. Although 50% of disbursements in 1974 went to only 5 countries, and 62% to 10, there were disbursements to 76 countries, or 82 countries if the associated states of the West Indies are counted individually. This is a slight decrease from the figure of 82 countries (or 88) receiving assistance in 1973, in line with a Cabinet directive to CIDA in 1972 to reduce both the number of countries in which a major program is mounted and the total number of recipients. Because of the multi-year nature of many commitments, this reduction is a slow process, but it is gradually being achieved.

4. Traditionally, Canadian bilateral programming has been done and continues to be done on an area basis. Table I shows the amounts of bilateral commitments and disbursements in 1973 and 1974. It should be noted, however, that the inclusion of \$54.2 million of unallocated food aid under miscellaneous programs in 1974 understates

TABLE 1
Bilateral Commitments and Disbursements by Area
(\$ U.S. Million)

	<u>Commitments</u>		<u>Disbursements</u>	
	<u>1973</u>	<u>1974</u>	<u>1973</u>	<u>1974</u>
<u>ASIA</u>				
Grants	27.5	41.5	36.0	28.6
Food Aid	52.4	90.7	49.4	87.0
Loans	<u>261.7</u>	<u>40.1</u>	<u>77.5</u>	<u>120.7</u>
Sub-Total	341.6	172.3	162.8	236.2
<u>FRANCOPHONE AFRICA</u>				
Grants	30.0	55.7	27.1	34.4
Food Aid	23.4	7.7	13.2	24.5
Loans	<u>114.6</u>	<u>37.3</u>	<u>20.7</u>	<u>29.8</u>
Sub-Total	168.0	100.7	61.1	88.7
<u>COMMONWEALTH AFRICA</u>				
Grants	29.1	33.5	20.0	25.8
Food Aid	4.9	6.9	1.7	12.9
Loans	<u>55.2</u>	<u>79.9</u>	<u>31.1</u>	<u>44.3</u>
Sub-Total	89.2	120.3	52.8	83.0
<u>COMMONWEALTH CARIBBEAN</u>				
Grants	11.0	8.7	7.6	10.1
Loans	<u>23.1</u>	<u>13.0</u>	<u>5.9</u>	<u>4.0</u>
Sub-Total	34.1	21.7	13.5	14.1
<u>LATIN AMERICA</u>				
Grants	8.1	12.6	4.2	8.3
Food Aid	-	.5	1.0	-
Loans	<u>-</u>	<u>8.0</u>	<u>9.7</u>	<u>13.5</u>
Sub-Total	8.1	21.1	14.9	21.8
Other Countries & Miscellaneous Programs	8.3	64.8*	7.7	8.2
International Emergency Relief	2.9	.5	4.9	.5
Non-Governmental Organizations	20.9	29.8	17.6	24.5
I.D.R.C.	<u>14.0</u>	<u>19.4</u>	<u>14.0</u>	<u>19.4</u>
T O T A L	<u>687.1</u>	<u>550.6</u>	<u>349.4</u>	<u>496.4</u>

*Includes \$54.2 million unallocated food aid

the Asian proportion of commitments, since much of that food aid will be directed to Asia.

5. Viewed from a different perspective than that of area shares, however, it is apparent that CIDA's assistance has been extended predominantly to the poorest countries of the world and that this trend is continuing. In 1974-75, 70% of CIDA's bilateral funds were channeled to countries with an annual GNP of less than \$200 per capita.⁽¹⁾ In contrast, only 12% went to countries with per capita GNP of more than \$375, compared with 17% in 1970-71.

6. In March 1975 the Secretary of State for External Affairs stated that "the new CIDA Strategy for the years 1975-80 will emphasize still further rather than reverse this basic orientation" (assistance to the neediest). It is expected that the number of countries with a GNP of \$200 per capita or less for which long term country programming is undertaken will increase while some existing program countries in the range of \$375 GNP per capita and over will continue to receive Canadian assistance but will not be regarded as major program countries. Other richer countries will probably be completely phased out of the aid program. The proportion of the total bilateral program going to the poorer countries will remain at 70% or above.

CANADIAN POLICIES FOR ASSISTING SPECIAL CATEGORIES OF DEVELOPING COUNTRIES

7. As mentioned in the previous section, the greatest proportion of Canadian bilateral assistance has historically been directed to developing countries at the lower end of the income scale, which includes in most cases the LLDCs and the most severely affected. When one looks at the proportion of bilateral funds flowing to special groups of developing countries, the 25 least developed countries and the 33 countries designated as most seriously affected (MSA) by the United Nations, there has been an increase in absolute value and proportion over the past five years. Disbursements to the LLDCs increased from 12.9% of total bilateral disbursements in 1973 to 15.1% in 1974. The MSA countries received 63.6% of bilateral assistance in 1974, up from 53.0% in 1972. (See Tables II and III) The percentages used in these tables are based on the DAC definition of bilateral programs, which includes grants to non-governmental organizations and the IDRC. If only direct bilateral flows to individual countries are counted, the proportion going to LLDC's in 1973 and 1974 was 15.0% and 16.3% of disbursements, and to MSAs, 61.7% in 1972 and 70.4% in 1974.

Special Measures to Assist the Most Severely Affected

8. In response to international recognition of the special needs of a group of countries most severely affected (MSAs) by changes in the world economic situation, however, a number of specific measures were undertaken.

1) Source: World Bank Atlas 1972

TABLE II
ASSISTANCE TO LEAST-DEVELOPED COUNTRIES

	<u>(\$US million)</u>							
	<u>1 9 7 3</u>		<u>1 9 7 4</u>					
	Disbursements		Commitments		Disbursements		Commitments	
	G	L	G	L	G	L	G	L
<u>AFRICA</u>								
Botswana	.19	11.23	.12		.32	2.81	.31	-
Burundi	.22		.22	-	.13		.13	-
Chad	.92		.38		3.53	2.02	.17	-
Dahomey	.82	.68	1.28	-	1.25	-	.58	-
Ethiopia	.61		2.02		5.93		.36	-
Guinea	.01		.01	-	.48		.53	-
Lesotho	.15		.21		.29		1.19	-
Malawi	.12	.80	3.48	-	.33	1.50	.28	20.45
Mali	1.68	.76	.23	1.68	5.31	.71	.99	
Niger	3.26	4.68	1.41	7.80	5.12	7.46	3.94	9.20
Rwanda	1.43		1.56		3.03	-	1.09	
Tanzania	3.49	7.59	4.08	40.46	6.13	25.49	10.16	14.66
Upper Volta	1.37		.44		2.25	-	.45	
Uganda	.74	.62	.58	-	.27	.01	.24	
Sahel region			16.00				7.77	
<u>ASIA</u>								
Afghanistan	2.22	-	.96	-	.54	-	2.30	-
Laos	.16	-	.16		.18	-	.19	2.56
Nepal	.16	1.3	.04		.09	-	.09	-
Western Samoa	.02	.02	.02		-		-	-
<u>LATIN AMERICA</u>								
Haiti	.04		.11		.12	-	7.12	-
TOTAL	17.47	27.68	33.31	49.94	35.30	40.00	37.89	46.87

% of Total ODA 8.7 18.6 14.6 10.9 12.6 18.5 11.8 25.4

Total ODA 199.5 149.9 227.6 459.6 280.2 216.5 320.5 184.2

Not aided: Maldives, Bhutan, Sikkim, Somalia, Sudan, Yemen.

TABLE III
 Canadian Official Development Assistance
to Most Severely Affected Countries

<u>Countries</u> ⁽³⁾	<u>Million U.S. Dollars</u>		
	<u>1972</u>	<u>1973</u>	<u>1974</u>
Cameroon	4.551	4.354	5.04
C.A.R.	.245	.144	.06
Chad	.257	.920	3.53
Dahomey	2.250	1.401	3.27
Ethiopia	.237	.616	5.93
Ghana	11.627	6.707	11.78
Guinea	.014	.011	.48
Ivory Coast	6.517	4.032	4.09
Kenya (1)	3.785	5.109	6.88
Lesotho (2)	.342	.371	.50
Malagasy Rep.	.613	.502	.47
Mali	.762	2.431	6.02
Mauritania	.584	1.443	2.55
Niger	7.085	7.939	12.58
Rwanda	1.821	1.433	3.03
Senegal	5.564	6.976	4.28
Sierra Leone	.001	.132	.41
Somalia			
Sudan			
Tanzania (1)	7.560	11.756	34.29
Upper Volta	.975	1.372	2.25
El Salvador	.039	.088	1.22
Haiti		.035	1.12
Honduras	.522	.276	1.20
Guyana	2.132	2.358	4.24
Peoples Rep. of Yemen			
Yemen			
Sri Lanka	7.622	4.764	7.06
India	70.407	54.773	112.56
Pakistan	14.465	18.836	31.41
Bangladesh	26.419	54.903	48.55
Khmer Rep.	2.578	.026	.57
Laos	.196	.160	.18
Total M.S.A. Countries	179.170	194.017	315.55
Percent of Bilateral ODA	53.0%	55.5%	63.6%
Bilateral ODA	338.3	349.4	496.0

(1) Includes one-third disbursements to the East African Community Services Organization

(2) Includes one-third disbursements to the University of Botswana, Lesotho and Swaziland

(3) This subset of 33 countries has been provisionally designated the most severely affected by the United Nations

9. The first was a Cabinet decision in May 1974 to increase the ceiling on aid expenditures by \$100.0 million to \$732.8 million for the fiscal year 1974-75. The first planned level would have allowed only a small percentage increase in development assistance disbursements over 1973-74, and the new level was a recognition that the emerging situation called for additional Canadian assistance. The \$100.0 million increase did not involve new appropriations but represented authority to spend additional funds from the pipeline of previously appropriated but undisbursed funds (see p. 4). Approximately half of the additional \$100.0 million was spent for food, including amounts additional to those previously planned for India, Bangladesh, the Sahelian countries and Ethiopia. A loan of \$10.2 million was made to India for the purchase of extra potash fertilizer and the remainder of the \$100.0 million was spent in increased development grants.

10. The second measure was a commitment announced by the Secretary of State for External Affairs at the World Food Conference to supply a fixed volume of food aid over the three-year period 1975-76 to 1977-78, detailed in Part I, paragraph 33. To ensure that food aid is directed to specific groups in greatest need, a significantly greater proportion of total food aid will be channeled through multilateral organizations.

11. Multilaterally, Canada has participated actively in the analysis and discussion of the problems of the very poor, LLDC or MSA countries and has supported initiatives in the UN, IBRD, UNDP, FAO, and elsewhere. More specifically, Canada has made available annually an additional \$500,000 for UNDP programs in LLDCs and has advocated the concentration of aid on surmounting the problems of the poorest LDCs.

Assistance to the Sahel Countries

12. By the end of the fiscal year 1973-74, Canada had responded to the immediate needs of the Sahelian countries with \$11.9 million provided through multilateral and non-governmental channels and as bilateral food aid. The objectives of this relief effort were primarily to help combat the food deficiency; to improve the transportation and storage facilities for food to permit more rapid distribution; and to provide essential medicines.

13. At the same time as the relief effort was being mounted, some projects were initiated to counter the immediate effects of the drought: \$1.2 million to construct water holes, and \$400,000 for a crop protection project in Niger, \$350,000 to provide the Malian railway with technical assistance, \$130,000 for a transport study for food aid distribution in the region carried out for the UN, and \$40,000 for water trailers in Upper Volta.

TABLE IV
ASSISTANCE TO THE SAHEL COUNTRIES
1973 and 1974
(\$US million)

	<u>Disbursements</u>				<u>Commitments</u>			
	1973		1974		1973		1974	
	Grants	Loans	Grants	Loans	Grants	Loans	Grants	Loans
Chad	.9		3.5	2.0	.4		.2	
Mali	1.6	.8	5.3	.7	.3	1.7	1.0	
Mauritania	1.3	.2	2.5		1.4		.4	
Niger	3.3	4.7	5.1	7.5	1.4	7.8	3.9	9.2
Senegal	5.6	1.4	3.3	1.0	8.0	1.7	5.1	
Upper Volta	1.4		2.2		.4		.5	
Regional								
Food Aid					16.0		7.8	
Total	14.1	7.1	21.9	11.2	27.9	11.2	18.9	9.2
Of Which								
Food Aid	6.2		16.3					

14. During the autumn of 1973, a task force was set up to examine how Canada could assist a longer-term rehabilitation program for the region. Following the report, a five-year program involving disbursements of up to \$230 million for the Sahelian region was approved, including food aid, project assistance for medium to long-term rehabilitation as well as expenditures for the large continuing programs in Niger and Senegal resulting from pre-drought commitments and assistance with one large regional project, the construction of a section of the Pan African Telecommunications network. A separate administrative unit was set up in 1974 within the Bilateral Branch to deal with the Sahelian countries and two development offices were established in Mali and Upper Volta reporting to the mission in the Ivory Coast.

15. The main objectives of Canadian middle to longer-term assistance are four-fold:

- 1) To increase cereal production in the Sahel by improvement of cultivation methods and of irrigation schemes, especially along the Niger and Senegal rivers and Lake Chad.
- 2) To combat the isolation of certain areas and assist regional integration by improving transportation and storage facilities and promoting a regional grain reserve.

- 3) To improve the water supplies for humans and livestock.
- 4) To encourage the development of the human resources in the area and the relocation of people displaced by the draught.

16. During 1974 the long-term development program was still in the planning stages, and therefore over half the disbursements in the region were for food aid. A number of projects in line with the objectives described above were approved, however, and more were in the planning stages. A regional plan for cereal production has been designed for the Kaarta region of Mali, and one is being developed for a region in Niger. Assistance is being offered to Upper Volta, Mali and Niger to combat locusts and grasshoppers as part of a regional project, in conjunction with the FAO and the United States, to counter invasions by these insects. An evaluation has been completed of Canada's previous support to storage in the Sahel and a second phase of contributions to storage facilities, primarily in Niger and Upper Volta, is being designed.

17. The transportation sector is being assisted in Mali and Mauritania. A grant of \$2.65 million is being made to the Compagnie malienne de navigation to provide tugs, barges, navigation equipment and maintenance service training for navigators and technicians and studies of the river. A \$4 million loan will be made to Mauritania for road equipment, with a \$300,000 grant for technical assistance and services, as part of a \$12 million project for road improvement with the IDA and the Kuwaiti Fund.

18. Several projects are being developed for the Liptako-Gourma region, which includes districts of Upper Volta, Niger and Mali, and a \$2.9 million grant for aerial surveys of the region has been approved, while proposals for projects in the transportation and irrigation sectors are being studied.

19. A final project which deserves mention relates to the fourth objective and is the follow-up to a UNESCO pilot project. It involves a \$1.6 million grant over three years for a functional literacy program in the cotton growing areas of Mali. The Canadian contribution is for materials, audio-visual equipment and training but the project is being fully run by the Malians.

COOPERATION WITH OIL PRODUCING COUNTRIES

20. During 1974, discussions concerning tripartite cooperation were held with three OPEC countries: Kuwait, Iran and Venezuela. The cooperation could involve Canadian technical assistance for project identification, design, and supervision or joint identification and financing of capital projects. In some cases other donors might also be involved. This calendar year, 1975, we anticipate developing two

or three such projects of moderate size which could also involve other donors. CIDA is also, at the instigation of a number of wealthier countries, including some non-OPEC nations, discussing with them the possibility of facilitating the purchase of technical assistance from Canada on a cost recovery basis.

21. The future of CIDA programs in all oil producing countries will depend on individual circumstances, including an analysis of the relative significance of new revenues and their longer-run importance. In all cases existing commitments will be honoured. Where the per capita income is high it is anticipated that there will be a rapid phasing down and in some cases programs are already being altered. In other cases, CIDA will phase out of capital assistance and balance of payments support into the support of such things as feasibility studies and technical assistance.

PART III - PROMOTION OF FOOD PRODUCTION AND RURAL DEVELOPMENT

A. "INTEGRATED" RURAL DEVELOPMENT

1. Like any other aid agency's, CIDA's objective is "to assist in the economic, technical, educational, and social development" of the poorer nations of the world. For many years developed and developing nations alike felt that a major emphasis on industrial development would lead to benefits that would "trickle down" to the vast majority of rural poor. That this approach has not proven adequate is reflected in social and economic dualism which is causing growing concern. A re-orientation of approach is considered by CIDA to be of great importance.

2. The new direction must be into increased food production and rural development. In CIDA, the relationship between increased food production and rural development is viewed as circular, with increased food production being both a precondition of rural development and a result of it under optimum conditions. Also, rural development ensures that increases in the amount of food produced will be distributed among the poorest segment of the population.

3. For CIDA as for other agencies, however, this is far more easily said than done. In the past year, a special Task Force was constituted in the Agency to make policy recommendations on the means to achieve the most effective Canadian contribution to solving the problem of increased production in the renewable resources sectors, including fisheries, forestry and food. Rural development as an aspect of increasing food production was given special study. The Task Force has completed its report, which now awaits discussion and approval within the Agency, after which it can be integrated into the operations. Till then, its recommendations must be regarded as tentative, as steps being considered within the Agency.

4. Throughout the Task Force's Report, shortage of appropriate expertise in Canada is recognized as the major constraint to significant "re-direction" into renewable resources. Projects in these sectors characteristically require a high proportion of technical assistance, so availability of manpower more than limits on funds seem to define the extent of direct CIDA involvement. Recommendations about means for CIDA to enhance and increase its access to expertise in renewable resources takes up a large part of the report. If CIDA can increase the availability of appropriate expertise, it will be able to participate in all phases of rural development projects. Until that time CIDA's involvement in rural development must necessarily be indirect and partial.

5. CIDA describes the concept of rural development as follows: "Development programs designed to bring benefits to the rural poor; as such, they may involve all or any of: production programs, infrastructure, education and training programs, as well as social animation". We feel that there are two viable donor approaches to rural development:

- 1) The comprehensive or "integrated" approach where the donor takes responsibility for physically providing, or at least funding and coordinating the provision of, a very large number of the inputs requisite to a total rural development program. Although CIDA is attempting a very few (no more than five) such projects in countries where the host government has limited skill and experience in implementation of rural development projects and yet has strong commitment to the need for them, we are wary of this approach because of our manpower limitations noted above.
- 2) The "minimum input" approach, whereby a limited input of equipment, seeds, etc. is provided to complement activity undertaken locally by the host government. Another variant is a general sector program to impart skills in project management, rural animation or crop-specific skills. For such an approach to be successful, the input must still be a part of a package -- and pre-project analysis must determine if the host government or target group is willing and able to provide the other components. Much of CIDA's past and current involvement in the rural sectors of developing countries has reflected this approach.

Although CIDA is striving to acquire capabilities in comprehensive rural development, it is recognized that the Agency will rarely be able to supply all the requisite inputs at once. For the most part, a "minimum input" approach will be CIDA's major bilateral involvement. One tendency in the Canadian aid program points to increased effectiveness of this partial approach. Within recipient countries, Canada's bilateral assistance is becoming more concentrated in specific sectors and regions. This allows a greater focus of Canadian resources, increasing their efficiency and magnifying their impact. The tendency toward concentration seems especially strong in the Latin American program at present.

6. In summary, the current thinking in CIDA is that the Agency should only assist rural development projects that have strong local backing and domestic government support. In addition CIDA should only fund rural development programs run by a local government or a multilateral agency. (Much of this thinking is contained in the report of the Task Force on Renewable Resources which is being discussed, as well as a sector paper on rural development being prepared in the Agency.)

7. To indicate the extent of CIDA's current involvement in rural development activities, some projects from CIDA's bilateral program are briefly described below:

1) "Integrated" Rural Development in Lesotho

Canada is providing a \$6 million grant to Lesotho towards the first phase of a rural development program in a mountainous area of that country. The region where the scheme will be located is Thaba Tseka, an area of about 130,000 acres. As conditions in this region are representative of those throughout Lesotho, this project will serve as a model for future programs. Canadian assistance includes the introduction of more efficient measures for feeding cattle, facilities for stock handling and disease control, a program to prevent soil erosion and training in modern farming methods. Road building projects, being funded by the World Bank and the Government of Lesotho with the WFP paying labor costs, will create many jobs for the local women. (The men of the area are employed in mines outside the region.) Cottage industries and fish farming will also be developed. Immediate plans call for using gravity-fed systems to pipe clean water to 16 villages. Sanitation facilities will be built, and residents will receive instruction in medical care and nutrition. Finally village communities will be organized through social animateurs to ensure the active participation of the population in the program.

2) "Integrated" Regional Development in Haiti

The commitment of the Haitian Government to regional development is very strong, and it has enlisted the support of donors such as France, the FAO and the World Bank as well as Canada to assist in this area. After studying possible regions, CIDA has decided to support a large regional project in the Goave-Nippes region. The approach taken will be multi-sectoral, and will select particular projects for funding as needs become apparent in the course of CIDA's involvement. This "feeling-our-way" approach to project development has of course been a part of many projects in the past, but explicit acceptance of the need for it in rural development activity is a novel feature. Canada's objectives in this project include the following: increasing the productivity of arable land and controlling erosion, establishing commercial networks and storage for agricultural produce, provision of agricultural credit, extension of new agricultural techniques to small farmers, improvement of health, nutrition and education conditions, and above all active local participation and constant consultation with the Haitian Government's office of regional development as the project proceeds.

3) "Partial Inputs" Approach in Tunisia

Canada is providing Tunisia with about \$9.0 million in grants and loans for the implementation of three agricultural projects. The first is an irrigation project, in the Kairouan area, and Canada's contribution involves sending in a team of advisers and agronomists, plus loans for equipment, fertilizer and insecticide. The second project involves development of poultry farming through establishment of an integrated poultry raising complex. A third project involves raising dairy cattle in the Medjerda region of Tunisia. Canada is assisting the Tunisians to improve their stock breeding techniques. In addition to providing breeding stock, and food and medication for these cattle, Canada is providing scholarships for training stock breeders.

Cooperation with Recipient Authorities

8. CIDA has always been careful to respect the desires of recipient governments with regard to projects chosen for Canadian development. To do otherwise goes against accepted principles of sovereignty, and each country's right to decide for itself which "form" of development it wants to pursue. As donors focus more closely on the need for increased agricultural production in the context of rural development, there may be a tendency to dictate to recipients which projects will be given donor priority. As Canadian interests and capabilities in particular countries become more defined, planning missions are more active in evaluating the priority for particular kinds of projects. There are many countries where this approach is yielding evidence that agricultural projects now have high priority. In Sri Lanka, as one example, the need for increased food production has made agriculture the focus of Canadian concentration. A recent planning mission has emphasized Canada's desire to concentrate on projects in this sector and the future size and content of the program will depend on Canada's success in evolving a consensus on priorities with Sri Lanka.

9. Although Canada has noted an increased interest on the part of recipients in the agricultural sector, we recognize that many recipients are "swamped" with donors restricting their involvement to projects in agriculture. CIDA does not want to supply resources to a recipient beyond its total absorptive capacity for aid. The government of Botswana, for example, has specifically asked Canada for technical assistance in mining, power and transport rather than agriculture because this is an area of Canadian competence and because other donors are already active in agriculture.

Cooperation With Other Donors

10. Canada is eager, as always, to exchange views with other donors regarding experiences in assistance programs in the renewable resources sectors. There seem to be a number of areas where donor experiences may be usefully shared. The Germans, for example, will be meeting with CIDA officers in the early summer to discuss particular on-going projects. More formal donor cooperation, i.e., collaboration on projects, is recognized as being exceedingly difficult. However, coordination of donors supplying partial inputs into a large project in a specific country exists, presently, albeit in rudimentary form. It must be upgraded if a partial input approach to rural development is to be viable.

11. As an example of the difficulties involved in attempting donor cooperation, we may compare two projects currently on-going in French Africa. In the Derro region of Morocco, several donors (Germany, Belgium, Canada and the FAO) are involved in agriculture, livestock and forestry projects in a vast region of 2.0 million hectares. Although each donor has a different approach to the projects under its responsibility, and this is a source of some difficulty, the most serious obstacle is that there is no effective co-ordination of these operations, even at the level of information exchange. One reason is the location of the region itself, where donors are two days distant from each other over very rugged terrain.

12. In the Mutara Region of Rwanda, the Belgians, World Bank and CIDA are cooperating more successfully in a livestock, irrigation, "small-holding" project. Here cooperation is not only mutually desired but essential to the success of each individual project, as irrigation will effect the cattle feeding areas and make possible the growing of forage crops. These obvious links between projects, combined with the geographic concentration of all projects in a single town, have ensured the greater success of this attempt at donor cooperation.

13. Formal cooperation among donors such as that which was developed for food aid to the Sahel is viewed by CIDA as being useful as a means of ensuring an appropriate and well timed response to large-scale emergencies. Cooperation with multilateral donors such as the FAO and World Bank is considered as a possibility for CIDA. Such a direction would allow the Agency to tap project identification and planning skills, which are currently in very short supply within the Agency, from other sources. However, final decisions of this nature must await formal consideration of the report of the Task Force on food aid and renewable resources.

B. AID TO AGRICULTURE

14. As noted above, aid towards increasing food production, along with rural development is a new orientation in CIDA. Quantifying the extent of the priority is, however, very difficult. Projects may be classified differently by different donors as well as by officers within CIDA itself. Many projects have multiple components, only some of which relate directly to agriculture. Others, such as some of CIDA's hydro-electric projects in Pakistan, have linkages to agriculture but are not regarded as agricultural projects.

15. CIDA has recently prepared for the DAC a list of on-going Canadian projects in Agriculture. A summary of this list is presented below, using categories as specified by the Working Party on Statistical Problems.

16. In addition to assistance being provided in government to government projects, there is a great deal of activity among voluntary organizations. During the last six years CIDA has contributed (through its Non-Governmental Organizations Division) over \$80.0 million (Cdn) to these voluntary agencies for development activities. As with bilateral contributions, detailed statistics regarding assistance given in Agriculture and rural development are difficult to obtain because projects have numerous components and are thus often difficult to classify. Available statistics from CIDA's NGO Division indicate that 11.6% of its financial contributions go to projects in agriculture. However, more than a third are in "Social and Community Development" much of which is rural development.

17. Consideration is being given to ways and means of consolidating expertise both within and outside CIDA, to back up any CIDA thrust into the renewable resource sectors, particularly agriculture. One option being considered is the establishment of a new Branch within CIDA, a Renewable Resources Branch. In expectation of such a Branch being formally organized, a new head of the current "Special Advisers Division" has been appointed at the vice-presidential level.

18. Because of the substantial food aid commitment undertaken at Rome, concern was expressed in Canada about the effectiveness of our food aid programs in certain recipient countries. Consequently, a Mission headed by the Agency's President went to Bangladesh to examine ways and means of improving CIDA activity in this area. The Mission reviewed the production, procurement and distribution system with officials of the Bangladesh Government as well as with other major food aid donors and multilateral organizations. It also visited port facilities and grain transport and storage facilities. The Canadian Mission, while making recommendations regarding areas where food aid handling could be made more effective, was basically satisfied that assistance channeled in this direction is useful.

T A B L E I

ON-GOING BILATERAL PROJECTS IN RENEWABLE RESOURCES* (AS OF APRIL 1, 1975)

(\$ Cdn million)

	COMMONWEALTH AFRICA	FRANCOPHONE AFRICA	LATIN AMERICA	CARIBBEAN	ASIA	TOTAL PROJECT BUDGET
(1.) Crop Development	1	1	2	2	2	\$ 3.9
(2.) Animal Husbandry: of which-						
- Livestock	5	4	0	11	3	13.8
- Hunting, Trapping	2	0	0	0	0	2.8
- Veterinary Services	2	0	0	0	0	.1
(3.) Fisheries	2	4	7	3	5	20.5
(4.) Forestry	7	4	6	6	12	17.2
(5.) Water Development (i.e. Irrigation, wells)	2	4	1	0	2	18.0
(7.) Agricultural Services (Land Surveys & Mapping)	11 4	9 0	3 0	13 1	11 0	26.8 6.2
(8.) Agricultural Development Banks	0	0	0	1	0	8.6
(9.) Storage	1	3	0	0	1	19.4
(14.) Agro Industries: of which-						
-Food Manufacturing	1	0	0	2	1	5.9
-Pulp, Paper	1	1	0	0	4	1.8

Source
Policy Branch, CIDA
April, 1975

TOTAL COMMITMENTS
FOR ON-GOING
BILATERAL AGRICULTURAL
PROJECTS 145.0

* Bracketed numbers refer to DAC Working Party on Statistical Problems sector classifications.

19. Following the World Food Conference, at which Canada supported the proposal that at least 20% of food aid should be channeled through multilateral organizations, a decision was taken by the Canadian Government to significantly increase its contribution to the World Food Program. After studying the capability of this organization to distribute food aid effectively, CIDA has decided to provide about 40% of its grain commitment through that body for fiscal years 1975/76 and 1976/77. In addition to this grain package, Canada will provide approximately \$13 million (Cdn) per year to the WFP in other foodstuffs and some \$10 million in cash.

20. Also following the World Food Conference, a number of international initiatives have been undertaken and Canada is an active participant in them. The most important are detailed as follows:

1) World Food Council (WFC)

Canada is a founding member of this body of 36 nations, which is envisioned as an umbrella structure to coordinate the activities of the many international organizations concerned with agriculture.

2) Committee on Food Aid Policies and Programs (CFAPP)

The International Governing Council of the WFP is being reconstituted as the CFAPP, the mandate of which will include not only WFP matters but also the wider review of international food aid policies and programs. The CFAPP will report to the WFC and will act as a forum for intergovernmental consultations on bilateral and multilateral food aid programs, especially to discuss ways they can be improved. Canada has been an enthusiastic supporter of the WFP since its inception.

3) FAO Committee on World Food Security

This committee, as yet to be formally established, will keep under continuous review the prospective world food supply-demand situation and seek to ensure adequate basic food stocks. Canada has participated in the ad-hoc consultations on World Food Security. Canada is also participating in the newly expanded information and early warning system of crop shortages.

4) International Fund for Agricultural Development

Although this Fund does not yet exist, an international Working Group, constituted at a meeting of governments interested in the proposed Fund, will soon begin work on the conditions that should apply to its creation and operations. Canada will contribute to the Fund if it attracts sufficient additional resources, and has a good prospect of continuity. It is proposed that the Fund utilize existing international institutions for carrying out its disbursements.

5) Consultative Group on Food Production and Investment

Canada will participate in exploratory discussions about forming such a group under the auspices of the World Bank, the United Nations Development Program and the FAO to coordinate technical and financial assistance from bilateral and multilateral donors, establish priorities in agricultural production and mobilize increased resources for agricultural production in the LDC's.

21. Recently, at a Commonwealth Ministerial Conference held in London and dealing with food production and rural development, a Canadian proposal to establish a special Food Production and Rural Development division within the Commonwealth Secretariat was endorsed. This division will assist Commonwealth collaboration in this area by acting as a clearing house for information flows, as a source of advice on manpower and training and in support of project planning activities.

22. Involvement of Private Agencies

Non-government organizations, businesses, private individuals, and the provincial governments have all expressed concern to the Federal Government about the world food crisis and have shown a desire to cooperate in food aid programs beyond the current pledge. In response to this expressed desire, the Canadian Federal Government is evolving a proposal for a "Voluntary Food Aid and Agricultural Development Program". This would act to channel initiative on this area into needy countries, with the Federal Government underwriting the incidental costs. It is expected that such a Fund will be formally launched before the end of the summer.

C. AGRICULTURAL RESEARCH AND TRANSFERS OF TECHNOLOGY

23. International work on agricultural research is presently being coordinated through the Consultative Group on International Agricultural Research (CGIAR) sponsored by the World Bank, United Nations Development Program and the FAO. Financing can be provided to Consultative-Group-sponsored centres in three ways: direct contributions to their operational or capital budgets (unrestricted core budget support); contributions earmarked for particular, sometimes new, portions of their programs (restricted core support) and support for special, short term projects. The total Canadian contributions including both CIDA and IDRC to all of the research centres supported by the CGIAR (there are nine) in 1975 is expected to be \$5.4 million, or about 11% of total donor support.

24. The International Development Research Centre (IDRC) has been playing an active role in supporting the centres, mainly through restricted core and special project support. It has also undertaken the administration for CIDA of the restricted core contributions to the International Centre of Tropical Agriculture (CIAT)

TABLE II
 CIDA Contributions to the
 International Agricultural Research Centres
 (\$ Cdn '000)

	<u>1971/72</u>	<u>1972/73</u>	<u>1973/74</u>	<u>1974/75</u>	<u>1975/76</u> [*]
International Institute of Tropical Agriculture (IITA)	761	742	750	750	850
International Maize and Wheat Improvement Centre (CIMMYT)	822	58	325	503	850
International Centre of Tropical Agriculture (CIAT)	315	565	780	981	608
International Crops Research Institute for the Semi-Arid Tropics (ICRISAT)			800	1,000	800
International Potato Centre (IPC)				320	320
International Laboratory for Research on Animal Diseases (ILRAD)				400	400
West Africa Rice Development Association (WARDA)					100
International Board for Plant Genetic Resources (IBPGR)					100
International Rice Research Institute (IRRI)					400
TOTAL	<u>1,898</u>	<u>1,365</u>	<u>2,655</u>	<u>3,954</u>	<u>4,428</u>

* Estimates

Source

Multilateral Branch, CIDA
 May 1975

in Colombia and the International Maize and Wheat Improvement Centre (CIMMYT) in Mexico. Because of its particular mandate, IDRC is more able than CIDA to encourage the centres to move into new research areas and help them on a short-term basis. IDRC also has technical competence to carry out this role and is doing so through close contact with the centres.

25. Canadian involvement in the support of "outreach" activities - the efforts to transmit and apply the results of the research in developing countries - has fallen to both CIDA and IDRC depending on the specifics of individual cases. Financial support of this nature has been minor until now but is likely to increase substantially in the coming years as more Centre programs begin yielding breakthroughs. CIDA has been exploring bilateral outreach operations with CIMMYT in Peru and Ghana. IDRC is financing a series of cooperative research networks in which a specific international agricultural research centre program is linked with several developing countries.

26. In CIDA's bilateral aid program there are a few projects with a research emphasis. These include the projects in the Caribbean which deal with "comfith" technology for using sugar cane to feed livestock, and the Drylands Research project ongoing in Hyderabad, India. These were discussed in last year's memorandum. CIDA is open to bilateral research projects of this type, and will continue to support them under appropriate conditions.

D. Agricultural Inputs

27. It is CIDA's current policy to supply fertilizers as commodity loans and grants when requested to do so and when supplies are available in Canada. In 1974 CIDA supplied \$30.3 million (Canadian) of fertilizer to India, Bangladesh, Indonesia, and Guyana in the form of potash and sulphur. CIDA was hampered in 1974 in its efforts to provide fertilizers because of a very tight supply situation in Canada, as was the case world wide. CIDA does not at present have long-term contracts for supplying fertilizers, and so when supplies are short, "spot tonnages" only rarely become available.

28. CIDA realizes the difficulty of obtaining regular supplies when purchasing any commodity on an "off the shelf" basis. Current constraints regarding government procurement regulations do not allow the Agency to enter into long-term agreements with suppliers.

29. CIDA is well aware of the complexity of world fertilizer marketing, rapid changes in supply-demand relationships and their effect on price, the reluctance of small farmers to adapt to changes in fertilizer materials and the difficulty in assessing the major effect crop prices have on fertilizer demand. In addition, some fertilizer materials such as ammonium nitrate are denied entry in certain countries because of port regulations.

30. In spite of the obvious short-run need for nitrogenous fertilizer in LDCs, there is some reservation in CIDA about becoming too deeply committed to long-term supply of nitrogen fertilizers from Canada. The possibility exists of substantial new capacity coming on stream in certain oil producing countries in the foreseeable future. Canada, with extraordinary inland and ocean transport costs, will always be a relatively high-cost fertilizer supplier. A number of options to deal with this situation are currently under study within CIDA. However, a "long-term" nitrogen fertilizer policy has not been determined, and will likely depend upon further information regarding new capacity, both in Canada and abroad, becoming available.

31. Canada is one of the world's major producers of potash, which is an essential crop nutrient, especially when the use of nitrogen fertilizer is heavy. No large tonnages of potash were available for CIDA programs in 1974 because of difficulties within the industry and long-term contracts capturing most of the available supply. These difficulties are expected to be overcome in 1975, and supplies will be more available. CIDA recognizes that its comparative advantage as a supplier of potash will be much greater in the long run than for nitrogenous fertilizer, and this will undoubtedly be reflected in its importance as an aid commodity. Canada does not at present supply pesticides as commodity aid, as none of the basic ingredients are manufactured in Canada. (They are, however, formulated in Canada for mainly domestic use).

32. At present there is a lack of consensus within the government about Canada's capability to build fertilizer plants with the currently accepted level of Canadian content. However, in certain areas there is capability to assist in upgrading existing plants. Assistance in projects aimed at optimizing fertilizer production, developing adequate storage and distribution networks, or building blending stations could also be provided. CIDA considers these as more feasible areas of activity, and would look favourably on such projects. CIDA would, however, be willing to examine joint ventures with other donors or international institutions to build fertilizer plants under suitable conditions.

GLOSSARY

- Capital Subscription Payments
- Payments to purchase shares in development institutions such as the Asian Development Bank
- Export Credits
- Financing given to exporters in Canada or to importers abroad, to help finance the purchase of Canadian goods
- Fiscal Year (FY)
- An annual period established for accounting purposes. It may start anytime in the calendar year. The Canadian Government's FY is April 1 - March 31
- Generalized System of Preferences
- A Canadian system of preferences for developing countries, implemented on July 1, 1974, under which imports of manufactured and semi-manufactured products from designated countries are subject to the lower of the British Preferential Tariff or the Most-Favored-Nation Tariff, less one third. Certain industrial raw materials and selected agricultural products are also covered by the scheme. Most other developed countries have implemented similar measures as part of an international effort to help the developing countries improve their exports to world markets.
- Gross National Product (GNP)
- The total value of goods and services produced in a country (i.e. domestic product) plus payments received from other countries (notably interest and dividends) less similar payments made to other countries. If interest and dividend payments exceed receipts, the national product can be smaller than the domestic product.

- Least Developed Countries (LLDC's)
- Countries identified by the United Nations as having a gross domestic product of \$100 per capita or less, with a manufacturing share of 10 per cent or less and a literacy rate of 20 per cent or less. They are: Afghanistan, Bhutan, Botswana, Burundi, Chad, Dahomey, Ethiopia, Guinea, Haiti, Laos, Lesotho, Maldives, Malawi, Mali, Nepal, Niger, Rwanda, Sikkim, Somalia, Sudan, Uganda, Tanzania, Upper Volta, Western Samoa and Yemen.
- Official Development Assistance (ODA)
- Aid provided at concessionary terms by the government. Official export credits, official loans at commercial rates of interest and private investment are not included.
- Other Official Flows (OOF)
- Aid provided by the government at other than concessionary terms, such as export credits and loans at commercial rates of interest.
- Pipeline
- An accumulation of un-spent funds.

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- ASI

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Annual Aid Review

Memorandum of Canada to the
Development Assistance Committee
of the Organization for Economic
Cooperation and Development



Canadian International
Development Agency

Agence canadienne de
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November 1977

MEMORANDUM OF CANADA
TO THE
DEVELOPMENT ASSISTANCE COMMITTEE
OF THE
ORGANIZATION FOR ECONOMIC
COOPERATION AND DEVELOPMENT

ANNUAL AID REVIEW 1976

August 1977

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I. INTRODUCTION

1. In our Memorandum for 1975, reference was made to the adoption by the Government of Canada of a policy document entitled "Strategy for International Development Cooperation, 1975-80". The past year was the first full year of implementation of the Strategy. It is too early to attempt a comprehensive assessment of the new approach, particularly in view of the major sectoral and regional re-orientations of development assistance envisaged in the Strategy. Some broad dimensions or discerned trends can, however, be discussed.

2. The decision to concentrate development assistance in the poorest countries and the focus on integrated rural development initiatives reflected not only a target groups/target sectors approach, but also a recognition of the importance of a "basic needs" orientation in the design of development strategy.

3. In view of historical, hemispheric relations, Canada continued to have development cooperation arrangements with middle-income countries in Latin America and the Caribbean. However, the focus in such arrangements shifted, for the most part, to "new forms of cooperation", whereas it continued to be on traditional forms and mechanisms of aid for LDCs in the other three regions, particularly the poorest countries.

4. A study of Canada's food aid policy was launched in 1976 as a joint CIDA/Treasury Board initiative with, among others, the following objectives: (a) to examine the original and current objectives of the bilateral and multilateral food aid programs, and the probable context in which a future program will operate; and (b) to provide the basis for a perspective on the appropriate allocation of CIDA's budget between food aid and other components of the aid program.

5. The 1975-80 Strategy underlined the necessity for CIDA to concentrate more of its resources on the key development sectors/problems. It was important, therefore, to define clearly the various sectors of development cooperation and to formulate principles for action that take Canadian resources into account. Toward this end, three "Sectoral Guidelines" volumes were prepared in 1976 as internal reference documents. These dealt with the following broad areas: (a) rural development and renewable resources; (b) social development and community services; and (c) infrastructure and environment.

6. In 1976, there was a small increase over the previous year in the proportion of aid flows to the "program" countries. Available evidence suggests a strengthening of this trend in the future. Although there was a marginal decline in the grant element of "development loans" in 1976 as compared to 1975, for ODA commitments as a whole, the grant element in 1976 stood at 97.3 per cent, whereas it was 96.5 per cent in the previous year.

7. As the Agency entered the second year in its implementation of the 1975-80 Strategy, certain operational difficulties began to surface. For example, some disbursement difficulties were experienced in the bilateral program, arising in part from apparent limitations in the absorption capacity of the poorest LDCs, and in part from the economic restraint within which the CIDA program was implemented. The shift in emphasis in the bilateral program in favour of greater involvement in agriculture and integrated rural development also contributed to this problem as such projects are generally administratively more labour-intensive and more difficult to identify, particularly in the poorest countries. Attempts are, however, now under way to deal with these questions; specifically, CIDA is in the process of introducing a more effective Agency planning system. As well, a review of the Agency's corporate structure was launched in 1976 with a view to improving its operational efficiency, within the present administrative constraints and environment of economic restraint.

II. THE FLOW OF FINANCIAL RESOURCES

8. Net disbursements of financial resources from Canada to the developing countries rose from \$2,041.40 million in 1975 to \$2,470.68 million in 1976. This represents a slight decrease in the percentage of GNP from 1.29 per cent to 1.28 per cent. Table I provides a statistical comparison of the two years.

1. OFFICIAL DEVELOPMENT ASSISTANCE

(a) Volume

(i) Recent trends

9. ODA disbursements increased marginally from \$879.68 million in 1975 to \$886.55 million in 1976*. This represented a decrease in the percentage of GNP from 0.56 per cent to 0.46 per cent. Bilateral disbursements, which include grants made to non-governmental organizations and to the International Development Research Centre (IDRC) comprised 59.6 per cent of the total program compared to 69.5 per cent in the previous year. Multilateral disbursements showed a marked increase over 1975, reflecting an increase in loans and advances to a number of regional development banks, as 1976 was the first year of payments on new capital subscriptions and special fund replenishments negotiated during 1975. Bilateral grant commitments rose from \$415.70 million in 1975, to \$461.43 million in 1976, while loan commitments decreased from \$300.72 million to \$226.61 million. This overall decrease in bilateral commitments was, however, balanced by a significant increase in multilateral commitments from \$402.56 million to \$501.08 million as a result of the decision to accelerate certain payments to international financial institutions.

* This somewhat understates the growth of ODA disbursements as planning and budgeting takes place on a fiscal year basis.

Table I
Comparison of Net Flows of Canadian Financial Resources
To Developing Countries
(\$US Million)

	<u>Disbursements</u>		<u>Commitments</u>	
	<u>1975</u>	<u>1976</u>	<u>1975</u>	<u>1976</u>
1) Official Development Assistance	879.68	886.55	1,118.98	1,189.12
A. Bilateral Total	611.96	528.71	716.42	688.04
a) Grants	348.26	332.01	415.70	461.43
Projects and Program Aid	88.52	102.45	148.90	188.89
Technical Assistance	60.12	66.34	60.38	68.39
Food Aid	171.58	128.82	177.91	172.00
Emergency Relief	1.50	1.66	1.97	2.03
Debt Relief		1.15	-	-
I.D.R.C.	26.54	31.59	26.54	30.12
b) Development Loans	263.70	196.70	300.72	226.61
B. Multilateral Total	267.72	357.84	402.56	501.08
a) Grants	157.24	141.25	189.14	192.03
b) Loans		1.29	4.92	2.60
c) Capital Subscriptions	78.28	91.72	88.94	238.89
d) Contributions to Special Funds of Development Banks	32.20	123.58	119.56	67.56
2) Other Official Flows	170.29	327.00	839.36	566.90
A. Official Export Credits	167.67	332.70	828.80	557.50
B. Refinancing Loans	4.12	2.30	10.56	9.40
C. Transactions with Multilateral Agencies - Assets	-1.50	-8.00	-	-
3) Private Flows	924.89	1,184.67	-	-
4) Voluntary Agencies	66.54	72.46	-	-
TOTAL FLOWS	2,041.40	2,470.68	1,958.34	1,756.02
% of GNP ¹⁾				
Total Flows	1.29%	1.28%		
ODA	0.56%	0.46%		

¹⁾
GNP: 1975 = 158,407
1976 = 192,706

10. A number of factors have acted to restrain the growth of the aid program, among them: (i) continued low level of the aid program in India; (ii) availability of appropriate transfer instruments; (iii) Canadian human resource base limitations; (iv) administrative difficulties (See discussion in Section IV for further elaboration); and (v) the government's general restraint on the growth of public expenditures with a view to containing inflationary pressures.

(ii) ODA Prospects

11. Canadian ODA disbursements grew from 0.42 per cent of GNP in 1970 to 0.56 per cent in 1975. However, as was predicted in last year's Memorandum, 1976 saw a drop in the ratio to 0.46 per cent; what was not anticipated was the magnitude of the decrease. Table II shows provisional disbursement figures for fiscal year 1976/77 and estimates for 1977/78. In spite of a shortfall in bilateral disbursements, 1976/77 gross CIDA disbursements, at \$962.8 million (Cdn) were close to the approved cash ceiling. In view of government restraints, mentioned above, it is anticipated that for the immediate years ahead the aid budget will grow at a more modest rate than in previous years. The Canadian government does however remain committed to achievement of the 0.7 per cent ODA/GNP target, taking into account domestic economic policy and the need to maintain the quality of assistance provided.

12. In the past ODA funds have come from two sources: current year appropriations and the undisbursed balance of previous year's non-lapsing appropriations. Since 1972/73, the pipeline of undisbursed funds has been gradually eliminated by adjusting appropriation levels in relation to disbursement ceilings. Effective April 1, 1977 all previous appropriation authorities were repealed and were replaced by consolidated vote wordings. The general effect is to tighten the degree of financial accountability and control and to make all aid funds (including food aid) lapsing. Thus, unspent appropriations will revert to the Consolidated Revenue Fund at the end of the fiscal year. For 1976/77, this will involve the \$12.6 million unspent balance of the appropriation for that fiscal year.

(b) Terms and Conditions

(i) Financial terms

13. The average grant element of total ODA commitments increased from 96.5 per cent in 1975 to 97.3 per cent in 1976, due to a lower proportion of loan commitments than in the previous year, 19.3 per cent compared to 27.3 per cent. (See Table III).

14. The terms of ODA loan commitments hardened slightly in 1976 as loans to middle-income LDCs amounting to 12.6 per cent of total loan commitments were extended at Canada's harder terms of 3 per cent interest, 7 years' grace and 30 years maturity, compared to 8.7 per cent provided on those terms in 1975.

Table II

Gross Official Development Assistance

(\$ Canadian Millions)

	<u>1976/77</u>	<u>1977/78</u> (Estimate)
<u>Bilateral</u>		
Grants	139.57	181.8
Loans	184.30	322.5
Total	<u>323.87</u>	<u>504.3</u>
<u>Multilateral</u>		
Grants	64.87	82.9
Loans	67.73	89.2
Advances	196.74	112.7
Total	<u>329.34</u>	<u>284.8</u>
<u>Food Aid</u>		
Bilateral	147.52	132.5
Multilateral	89.99	97.5
Total	<u>237.51</u>	<u>230.0</u>
<u>Special Development Assistance</u>		
NGO	38.15	41.9
IDRC	29.70	34.5
Others	4.27	4.5
Total	<u>72.12</u>	<u>80.9</u>
Total Gross ODA ¹⁾	<u><u>962.84</u></u>	
Disbursement Ceiling	975.4	1,100.0

¹⁾ Including contributions to IDA paid by Department of Finance but excluding contributions allocatable wholly or in part as ODA paid to International Organizations by Department of External Affairs.

Table III

Financial Terms of Official Development Assistance 1976

	Commitments (\$US Million)	% of Program	Average Grant Element %
Grants and Advances	959.9	80.7)	97.3
Development Loans	229.2	19.3)	
Total	1,189.1		

No. of Loans	Maturity	Grace Period	Interest	Amount (\$US M)	Grant Element	Average Grant Element
46	50	10	0	200.31	90.34)	85.9
5	30	7	3	28.90	55.20)	

15. Normally the economic conditions of each recipient country are taken into consideration in defining loan terms. Project or sector specific criteria are not considered to define loan terms; however, characteristics of the distribution of the project benefits (e.g. to favour the poorest people) might influence on-lending terms or other conditions applied to the project. The majority of loans continue to be extended on the softer terms of 0/10/50. In 1976 loans were extended to only three countries (Jamaica, Trinidad and Colombia) at the harder terms of 3/7/30.

16. In the context of Canadian participation in the Conference on International Economic Cooperation (CIEC), approval was obtained early in 1977 to provide assistance to the least-developed countries (LLDCs) strictly on a grant basis. Canada continues to support strongly the adoption of a 40 per cent grant element threshold for ODA and to support an 86 per cent grant element for the overall terms target, with a 90 per cent grant element sub-target for LLDCs.

17. Canada does not, however, distinguish, for programming purposes, between LLDCs and MSAs, and strongly favours definition of a wider group of aid priority countries which for operational purposes we would define as LDCs with a GNP per capita of less than \$200 (in 1973 dollars). Within the DAC, Canada has accordingly supported proposals for extending the LLDC terms to all the "poorest" countries.

(ii) Tying Practices and procurement regulations

18. Present Canadian untying authority provides for untying of multi-lateral assistance, transportation costs and for the untying of 20 per cent of bilateral assistance (including bilateral food aid). The Government is considering proposals aimed at untying bilateral development assistance loans to procurement from selected developing countries. No decision has been taken as yet on this question.

(iii) Local cost financing

19. The existing 20 per cent bilateral untying authority has been used mainly for financing of local costs, which have been defined as recipient country procurement. This authority provides considerable flexibility, enabling the provision of up to 100 per cent local cost financing (LCF) on a project-by-project basis. A case-by-case approach has been applied with consideration based on the overall financial commitments of the recipient, its commitment to development, what local input is required to implement the project, and the overall level of development. Local cost financing (LCF) is applied flexibly between geographical area programs and on income groupings, e.g. more LCF is used in dealing with the poorest and less LCF when food aid is provided. On a case-by-case basis, maintenance and operating support, may also be provided. More local costs are likely to be financed in projects in the rural sector, in particular in the case of large integrated rural development projects.

(c) Distribution of ODA

20. In 1976, food aid represented 21.4 per cent of total disbursements reflecting the second year of Canada's three-year commitment at the Rome Food Conference. The ratio between bilateral and multilateral disbursements (including food aid) was affected by the decrease in bilateral disbursements, decreasing to approximately 60:40.

21. Under DAC procedures, the funds paid to the non-governmental organizations (NGOs) and to the International Development Research Centre (IDRC) are included within the bilateral total. To reflect more accurately CIDA programming, a distinction is made here in that the following text refers to the bilateral program per se. A discussion of the NGO program is provided in Section 3 under cooperation with voluntary agencies, and a discussion of the activities of the IDRC is provided in Section III on technical cooperation. In 1976, \$30.12 million was committed and disbursed by the IDRC, and \$38.13 million was committed and \$33.54 million disbursed by the NGOs.

(i) Geographic allocation of Bilateral ODA

22. In conformity with the 1975-80 Strategy regarding concentration on a limited number of countries (and in particular on the poorest), to maximize the impact of net resource transfers, and with an earlier Cabinet directive (1972) on concentration of the bilateral programme, Canada continues to distinguish, for programming, two categories of recipient. "Program" countries are countries or groups of countries with which programs are developed on a sustained basis, within an annually reviewed five-year Indicative Planning Figure (IPF). "Project" countries are dealt with on a project-by-project basis, and the level of disbursements may vary widely depending upon the disbursement patterns of approved projects. In 1976/77 there were 27 program countries/units; a reduction of three over the previous year. The distribution of the 1977-82 IPFs (excluding food aid projects) approved in that year for program countries was as follows: 79.3 per cent expected to go to the poorest countries, (\$200 GNP per capita and under), 11.0 per cent to the \$200-\$375 category, and 9.7 per cent to countries above \$375.

23. While a large number of countries receive bilateral aid funds (76 in 1976, or 82 if the associated states of the West Indies are counted individually), eleven countries received \$100,000 or less and there was a high concentration of disbursements among a relatively small number of countries. Ten countries received 50 per cent of disbursements. This represents a somewhat greater spread than the previous year (in which five countries received 50 per cent) due to the continued low level of the India program.

24. Table IV indicates the area distribution of bilateral commitments and disbursements in 1975 and 1976. Disbursements and commitments to the Asia region have decreased to approximately 40 per cent of the bilateral program compared with 50 per cent in previous years. While there is rough equality in disbursements to the two African area programs, there is a higher level of commitments in the Francophone Africa program.

25. The 1975-80 Strategy established that up to 10 per cent of bilateral assistance would be allocated to developing countries with per capita incomes of \$375 or more (in 1973 dollars). In 1976 approximately 11.8 per cent of bilateral disbursements went to countries in this category, while the least-developed countries received 28.1 per cent of bilateral disbursements. There was also a slight decrease in the percentage going to the group of countries designated by the United Nations as Most Severely Affected (MSAs) to 65.2 per cent in 1976 (see Tables V and VI). This was in part the result of disbursement problems in the poorest countries and India rather than the result of any decision to decrease monies going to the poorest.

(ii) Allocation of Multilateral Contributions

26. As was anticipated in last year's Memorandum, multilateral disbursements for 1976 represented 40.4 per cent of total ODA. This was a result of a large increase (33.66 per cent) in disbursements, from \$267.72 million in 1975 to \$357.84 million in 1976. This figure includes multilateral food aid which decreased from \$90.69 million in 1975 to \$60.83 million in 1976*. This increase was due mainly to the payment of first instalments of replenishment contributions to the Special Funds of the Development Banks, resulting from negotiations concluded in 1975 and early 1976. Multilateral contributions for 1977 will represent an even higher proportion of total ODA, reflecting prepayment of instalments to Asian Development Bank (special equity subscription) and IDA IV.

27. A review of Canada's programs of assistance to international financial institutions was carried out in 1975/76 in conjunction with the replenishment exercises of the various regional development banks and IDA V negotiations. The major conclusion was that Canada should direct the largest portion of the increased resources available to those institutions which serve mainly the low-income developing countries. This

* Canada's pledge to the WFP remained the same in 1975/76 and 1976/77; the apparent decrease reflects differences in timing of payments during the fiscal year as opposed to calendar year.

Table IV

Bilateral Commitments and Disbursements by Area *

\$US million

Area *	<u>Commitments</u>		<u>Disbursements</u>	
	<u>1975</u>	<u>1976</u>	<u>1975</u>	<u>1976</u>
<u>ASIA</u>				
Grants	96.21	30.53	30.44	30.75
Food Aid	111.42	135.28	138.11	97.01
Loans	108.96	85.21	125.89	66.74
Total	<u>316.59</u>	<u>251.02</u>	<u>294.44</u>	<u>194.50</u>
<u>FRANCOPHONE AFRICA</u>				
Grants	60.94	77.41	39.59	42.25
Food Aid	6.38	11.90	12.17	7.19
Loans	110.89	84.25	46.03	53.21
Total	<u>178.21</u>	<u>173.56</u>	<u>97.79</u>	<u>102.65</u>
<u>COMMONWEALTH AFRICA</u>				
Grants	38.99	37.83	26.21	31.11
Food Aid	6.94	20.79	15.66	21.82
Loans	38.24	18.78	75.26	54.25
Total	<u>84.17</u>	<u>77.37</u>	<u>117.13</u>	<u>107.18</u>
<u>COMMONWEALTH CARIBBEAN</u>				
Grants	15.42	25.42	11.27	11.74
Food Aid	-	2.94	76	83
Loans	20.01	19.84	7.89	9.00
Total	<u>35.43</u>	<u>48.20</u>	<u>19.92</u>	<u>21.57</u>
<u>LATIN AMERICA</u>				
Grants	10.71	42.65	8.74	16.70
Food Aid	1.73	1.09	1.93	1.75
Loans	22.62	18.56	8.63	13.50
Total	<u>35.06</u>	<u>62.30</u>	<u>19.30</u>	<u>31.95</u>
Other Countries & Miscellaneous Organizations	5.83	5.31	3.88	5.54
International Emergency Relief	1.97	2.03	1.50	1.66
SUB-TOTAL	<u>657.26</u>	<u>619.79</u>	<u>553.96</u>	<u>465.05</u>
Non-Governmental Organizations	32.62	38.13	31.46	33.54
I.D.R.C.	26.54	30.12	26.54	30.12
TOTAL	<u>716.42</u>	<u>688.04</u>	<u>611.96</u>	<u>528.71</u>

* The areas are those used by CIDA Administration

Canadian Net Official Development Assistance

To Least Developed Countries

\$US Million

	Disbursements		Commitments		Disbursements		Commitments	
	Grants	Loans	Grants	Loans	Grants	Loans	Grants	Loans
	1975				1976			
AFRICA								
Benin	1.74	3.64	.91	8.89	1.49	4.01	4.67	2.23
Botswana (1)	1.15	5.55	2.39	6.88	1.07	1.07	1.87	
Burundi	.10		.10		.08		.11	
Central Afr. Rep.	.05		.05		.09		.12	
Chad	.09		.09		.18		.16	
Ethiopia	2.62		.38		.33		9.49	
Guinea	.04		.08		.73		1.37	
Lesotho (1)	1.51		8.60		4.07		1.48	
Malawi	.95	12.39	.61	6.39	1.19	9.20	1.11	
Mali	4.91		10.10	6.61	2.05	.07	16.80	
Niger	8.00	12.25	7.39	9.91	7.58	6.12	5.87	3.04
Rwanda	4.10		1.28		6.62		6.77	
Somalia	1.36		1.37		3.92		4.56	
Sudan	.01		.01		x		.03	
Tanzania (2)	20.53	17.19	9.61	4.33	10.64	12.95	7.54	10.48
Uganda (2)	6.12	.40	.57		3.79	x	.65	
Upper Volta	2.51		1.87	3.59	1.21	.83	1.58	2.70
Total	55.79	51.42	45.41	46.60	45.04	34.25	64.18	18.45
ASIA								
Afghanistan	1.47		.14		.38		6.31	
Bangladesh	63.79	.57	88.03		47.94	-.98	39.76	
Laos	.19		.14		.13		.14	
Nepal	.13		.96		.34		.50	
Total	65.58	.57	89.27		48.79	-.98	46.71	
LATIN AMERICA								
Haiti	2.51		4.32		3.54		8.43	
TOTAL LLDC's	123.88	51.99	139.00	46.60	97.37	33.27	119.32	18.45
% of Net Bilateral								
ODA	42.7%	19.7%	39.0%	15.5%	36.3%	16.9%	30.4%	8.1%
Net Bilateral								
ODA (3)	290.26	263.70	356.54	300.72	268.35	196.70	393.18	226.61

Countries not aided: Bhutan, Gambia, Maldives, Sikkim, Western Samoa, Yemen A.R. and Yemen P.D.R.

- (1) Includes one-third disbursements to the University of Botswana, Lesotho and Swaziland.
- (2) Includes one-third disbursements to the East African Community Services Organizations.
- (3) Excludes the contributions to Non-Governmental Organizations and International Development Research Centre.

Table VI
Canadian Net Official Development Assistance
To Most Severely Affected Countries

<u>Countries</u>	<u>\$US million</u>		
	<u>1974</u>	<u>1975</u>	<u>1976</u>
<u>AFRICA</u>			
Benin	3.27	5.38	5.50
Burundi	.13	.10	.08
Cameroon	5.04	7.62	9.76
Central Afr. Rep.	.06	.05	.09
Chad	3.53	.09	.18
Egypt			9.89
Ethiopia	5.93	2.62	.33
Ghana	11.78	18.42	12.21
Guinea	.48	.04	.73
Ivory Coast	4.09	4.65	5.48
Kenya (1)	6.88	12.40	13.43
Lesotho (2)	.50	1.51	4.07
Madagascar	.47	1.08	.67
Mali	6.02	4.91	2.12
Mauritania	2.55	1.21	2.19
Mozambique			2.80
Niger	12.58	20.25	13.70
Rwanda	3.03	4.10	6.62
Senegal	4.28	6.18	6.18
Sierra Leone	.41	.07	.07
Somalia		1.36	3.92
Sudan		.01	x
Tanzania (1)	33.89	37.72	23.59
Uganda (1)	2.55	6.52	3.79
Upper Volta	2.25	2.51	2.04
Total	109.72	138.80	129.44
<u>ASIA</u>			
Afghanistan	.54	1.47	.38
Bangladesh	48.55	64.36	46.96
Burma	1.30	.54	1.75
Cambodia	.57	.03	.01
India	112.56	109.30	66.92
Laos	.18	.19	.13
Nepal	.09	.13	.34
Pakistan	31.41	64.56	35.72
Sri Lanka	7.06	9.43	13.06
Total	202.26	250.01	165.27
<u>LATIN AMERICA</u>			
El Salvador	1.22	1.51	1.13
Guyana	4.24	2.03	2.43
Haiti	1.12	2.51	3.54
Honduras	1.20	1.54	1.28
Total	7.78	7.59	8.38
Total MSA Countries	319.76	396.40	303.09
% of Net Bilateral ODA	70.7%	71.6%	65.2%
Bilateral ODA (3)	452.49	553.96	465.05

Countries not aided: Cape Verde Islands, Gambia, Guinea-Bissau, Western Samoa, Yemen A.R. and Yemen P.D.R.

- (1) Includes one-third disbursements to the East African Community Services Organizations.
- (2) Includes one-third disbursements to the University of Botswana, Lesotho and Swaziland.
- (3) Excludes the contributions to Non-Governmental Organizations and International Development Research Centre.

is now being or will be implemented by substantially increased resource transfers to the Asian Development Bank, the African Development Fund and the IDA. During 1976, the first instalments were paid-in on replenishments to the IADB (FSO) \$16.9 million (Cdn)) and African Development Fund (\$16.4 million (Cdn)). Disbursements totalling over \$60 million were made to the Asian Development Bank, including \$26.2 million for the first instalment of the first replenishment of the Special Fund, as well as \$12.3 million (Cdn) for a special replenishment. In addition, disbursements were made against commitments made in earlier years in the IBRD Third Window and IMF Subsidy Account.

28. The distribution of multilateral grants by category is changing. Although the amounts allocated to general funds (UNDP and UNICEF) continue to increase, there has been a decline in proportional terms with the trend towards more specialized sectorally or regionally focussed institutions and programs. However, the importance of these institutions, especially the UNDP, is not being downgraded, as is reflected by the fact that they account for a substantial portion of the total increase in multilateral grants - in particular increases of from \$24 to \$29 million (Cdn) to the UNDP and from \$3.5 million to \$5 million (Cdn) to UNICEF. At the same time the greatest rate of growth within the grant program continues to be in programs in the identified sectors of concentration: renewable and non-renewable natural resources, population and health and education. Disbursements in those sectors totalled approximately \$25 million in 1976, which represents a significant increase over 1975, with half the increase being accounted for by the Canadian contribution to the UN Revolving Fund (\$1.5 million) and a substantial increase in our contribution to UNFPA (\$5 million in 1976 compared to \$3.5 million (Cdn) in 1975).

29. Table VII provides a detailed breakdown of multilateral contributions for fiscal years 1975/76 and 1976/77.

30. Multilateral food aid increased substantially in recent years beginning in 1975 as a result of Canada's three-year pledge at the Rome Food Conference, and a decision to channel a higher proportion of food aid through multilateral institutions. In that year, multilateral food aid jumped to a little more than \$90 million, almost one-third of the total multilateral budget, from a steady level of \$15-20 million in previous years. This compares with multilateral food aid of approximately \$60 million during calendar year 1976. A study currently in progress by CIDA and the Treasury Board Secretariat will analyse differences in Multilateral /Bilateral regulations, the level at which food aid should be maintained for the foreseeable future, and through which channels it should be provided.

31. The replenishment decisions taken in the 1975 review of assistance to international financial institutions will be reflected in programs to fiscal year 1978/79, which is the last year of the current replenishment cycle for the development banks. The conclusions of IDA V negotiations and commencement of payments will have a substantial effect on the program in the period 1977/78 to 1980/81. Canada agreed to maintain broadly the same share in IDA V as IDA IV, which means an overall commitment of US \$447.9 million. Payment of the first instalment of this contribution will likely take place in fiscal year 1977/78.

Table VII
Official Development Assistance
To Multilateral Organizations
(\$ Canadian Millions)

	<u>1976/76</u>	<u>1976/77</u>
GRANTS		
General UN Funds	28.00	34.00
UNDP	24.50	29.00
UNICEF	3.50	5.00
Renewable Natural Resources	5.78	5.15
IITA	.95	.95
ICRISAT	.80	.90
CIP	.32	.52
ILRAD	.40	.40
WARDA	.10	.20
IBPGR	.10	.10
CIMMYT	1.27	.35
CIAT	1.31	.18
IRRI	.35	.60
ICARDA	.03	.60
Other	.15	.35
Population and Health	8.83	10.42
UNFPA	3.50	5.00
IPPF	2.50	2.75
WHO (Human Reproduction, Smallpox and Tropical Diseases)	2.29	2.10
IBRD/WHO (Onchocerciasis)	.50	.50
Other	.04	.07
Education	.41	.47
IIEP	.15	.15
UNITAR	.06	.07
PAID	.10	.15
Other	.10	.10
Commonwealth, Francophone and Regional Programs	4.63	5.17
CFTC	4.00	4.35
FICU	.25	.25
Other	.38	.57
Refugee and Relief Program	13.39	3.45
Indochina, Humanitarian Relief ¹⁾	10.46	.35
UNHCR	.60	.75
UNRWA	1.20	1.65
Other	1.13	.70
Trade Promotion	.38	.50
T.A. to Development Banks	2.31	4.32
Other Programs (including External Affairs)	10.26	13.11
Total Grants	73.99	76.59
ADVANCES		
Asian D.B.	4.32	49.96
I.A.D.B.	-	6.35
I.D.A.	73.44	140.43
Total Advances	77.76	196.74
LOANS		
African D.B. and Fund	14.13	19.01
Asian D.B.	27.17	26.23
Caribbean D.B.	8.48	5.58
I.A.D.B. (including loan repayments retained as contributions)	.80	18.14
I.B.R.D.	20.01	-
I.M.F.	10.80	-
Total Loans	81.39	68.96
FOOD AID	105.46	89.99
Total Multilateral	338.60	432.28

¹⁾ Although this program was administered by CIDA Bilateral Division, the funds were channeled through international agencies.

2. OTHER FORMS OF FINANCIAL COOPERATION

(a) Other Official Flows

32. Net disbursements to developing countries under official export credits extended by the Export Development Corporation (EDC) amounted to \$333 million in 1976 compared with \$168 million in 1975. In addition, \$9 million of notes due to EDC in 1976 were refinanced. Total gross disbursements under financing agreements with developing countries in 1975 amounted to \$452 million, which is equivalent to 90 per cent of the total amount disbursed for all countries. Commitments of official export credits extended by the Export Development Corporation to developing countries dropped from \$839 million in 1975 to \$566 million in 1976. This drop is not linked to any restrictions of credits extended to developing countries but only to an apparent decrease in the volume of financing submitted to the EDC Board. At the same time, a rise in credits extended to developed countries occurred.

33. Commitments for the "Industry, Mining and Construction" sector totalled \$146 million while that of the "Development of Public Utilities" amounted to \$171 million. Developing countries in Asia received 40 per cent of total EDC lending to developing countries in 1976, while Latin America received 33 per cent, Africa 26 per cent and Europe 1 per cent.

34. Gross disbursements related to private export credits guaranteed by EDC, with maturities of more than one year, decreased from \$81 million in 1975 to \$74 million in 1976. This decrease is due to a drop in wheat transactions. Net disbursements were negative because large transactions made a few years ago are being repaid.

35. There was no change in the investment of the Government of Canada in multilateral agencies resulting from transactions at market terms, as inflows of \$33 million associated with maturing IBRD bonds were off-set by purchases of the same amount of newly-issued securities.

(b) Co-financing Arrangements Involving Non-concessional Resources

36. Canada has had some experience with parallel financing arrangements involving CIDA and EDC, in some cases, in conjunction with Canadian commercial banks. This has reflected a recognition that, although the roles and objectives of CIDA and EDC are different, there does exist a certain degree of complementarity which has resulted in the mutual reinforcement of each organization's objectives. This was recognized in the 1975-80 Strategy which recommended that "CIDA will continue and where appropriate increase its cooperation with the Export Development Corporation". There have been a number of cases where a mutuality of interest has been identified and subsequently resulted in a financing package being put forward. Most notable of these are the parallel financing arrangements which CIDA and EDC, in conjunction with the private sector, put together for Algeria and Indonesia.

37. This form of co-financing is considered normally to relate to middle-income LDCs; countries where aid and development objectives are still important but where the country's economic relations reflect a diminishing dependence on concessional finance, a growing self-reliance, and a demonstrated credit-worthiness. There are however a number of factors which must be kept in mind, and which in some cases may act as a constraint on extensive use of this mechanism:

Table VIIIOfficial Export Credits

(including re-financing of export credits)

Disbursements and Commitments by Area

(US Million)

<u>DAC AREAS</u>	<u>Disbursements</u>		<u>Commitments</u>	
	1975	1976	1975	1976
Europe	24.26	24.50	58.73	6.10
Middle East	27.39	29.50	125.18	-
Asia	-9.16	46.90	305.73	237.90
Africa	50.70	69.60	42.13	146.80
Caribbean	13.16	25.40	74.94	71.10
South America	40.77	67.00	20.01	83.20
Central America	<u>24.67</u>	<u>72.10</u>	<u>212.64</u>	<u>21.80</u>
TOTAL	171.79	335.00	839.36	566.90

- (i) There is some conflict between the above objectives and the objective of concentrating on the poorest LDCs.
- (ii) CIDA interest has been primarily in providing assistance in such areas as training, management contracts, related infrastructure, which cannot always be a readily identified component of a commercial undertaking.
- (iii) The CIDA portion of any package must be (a) separate, identifiable project(s).
- (iv) There is a need to ensure that the project meets development standards - main concern of EDC is with credit-worthiness and the economic impact on the borrower rather than the developmental impact of the project.

At the moment each project and financing package is examined on its own merits with the Canadian response being tailored for each situation.

38. The following projects involving co-financing were approved during 1975 and 1976:

- (i) Ivory Coast - Ferkessedougou II Sugar Complex. This project consists of the construction of a sugar cane estate, a raw sugar factory and all related infrastructure. Financing involves EDC (\$71.6 million), the Royal Bank (\$35.0 million), ECGD (UK) (\$14.0 million) and CIDA (\$10.0 million at 0/10/50) (totalling financing package of \$155.6 million (Cdn)). CIDA will finance railway material and technical assistance.
- (ii) Indonesia - \$200 million (Cdn) Line of Credit (CIDA \$25 million at 0/10/50), EDC \$100 million and Commercial Banks \$75 million). The first project has been approved in 1976: Cement Plant for Tonasa/Biringkassi Port (CIDA financing \$9.4 million and EDC \$80 million). CIDA is financing construction of port and harbour facilities to permit distribution of cement from the EDC-financed expansion of the cement plant.

(c) Access to Capital Markets

39. No obstacles are placed in the way of developing countries wishing to sell bonds in the Canadian capital market. Canada has been a participant in the Working Group on Access to Capital Markets which was established by the IMF/IBRD Development Committee, to review constraints affecting access to capital markets and to study further proposals to support developing countries' access to private markets, including the use of multilateral guarantees. While Canada has supported, on behalf of the interests of the Caribbean members of our Development Committee constituency, pursuit of measures to deal with this problem, we have indicated that we could not support measures which would distort access to capital markets, or dilute the financial base of the development banks.

(d) Debt Rescheduling

Canada has recognized that many developing countries have experienced severe balance of payments problems, exacerbated in part by high debt service ratios. Canada stated both at UNCTAD IV and at CIEC that she would be prepared to participate at an international debt conference that would consider debt servicing difficulties in the broader context of balance of payments and finance for development. In the interests of a successful conclusion to CIEC Canada, within the framework of the Special Action Program, announced that it was altering its aid policy with respect to the LLDCs. In addition to committing itself to a future all-grant program (as was mentioned earlier) it was prepared to forgive outstanding ODA loans from these countries. While Canada does not feel that debt relief should be considered a normal resource transfer mechanism, Canada has participated in most agreements on debt reorganization for developing countries. Under the accord for 1975/76, the Export Development Corporation rescheduled for 10 years at 6 per cent interest \$4.499 million of debt service due from Pakistan. Concurrently, CIDA made a cash grant of \$1.652 million to raise the grant element of the package to the agreed 62 per cent.

3. PRIVATE FLOWS

(a) Major trends

41. The book value of Canadian direct investment in LDCs rose by \$430 million compared with \$300 million in 1975. Of this total, \$205 million represented new capital outflows, and \$225 million re-invested earnings. The increase in direct investment was pre-dominantly in LDCs in the Americas and Asia, accounting respectively for some 60 per cent and 30 per cent of the total. Excluding reinvested earnings, direct investment in the Americas was concentrated in manufacturing, followed by petroleum and other industries. In Asia, direct investment flows (excluding reinvested earnings) were primarily by companies in the mining and smelting industries, followed by petroleum and other industries. At \$22 million, Canadian portfolio investment in LDCs was slightly lower than in 1975.

42. Loans by Canadian banks, net of repayments, in both Canadian and foreign currencies, amounted to \$749 million, compared with \$602 million in 1975. As in previous years, the bulk of these transactions represented loans to developing countries of the Americas. Canadian currency transactions accounted for outflows of \$55 million compared with inflows of \$4 million in 1975, and foreign currency transactions for outflows at \$694 million compared with \$598 million in 1975.

(b) Private Investment/Industrial Cooperation

43. Having received approval in 1976 to undertake a \$950,000 (Cdn) Experimental Program in Industrial Cooperation (EPIC), CIDA retained Industrial Consulting Teams to visit nine developing countries - Algeria, Barbados, Colombia, Indonesia, Jamaica, Malaysia, Peru, Philippines and Tunisia-to identify specific industrial projects in each country. On their return to Canada, the Teams presented the projects to the Canadian private sector with the objective of creating linkages which will facilitate the implementation of the projects. A number of project

proposals have been examined, of which some 40 have proceeded to the point where Canadian enterprises have either met their counterparts overseas or are planning to in the near future. The linkages will include joint ventures, licensing agreements, marketing and technical assistance or other mutually acceptable relationships.

44. In support of EPIC the Business and Industry Division of CIDA continued to operate the Pre-Investment Incentive Program which provided financial assistance to Canadian firms to examine specific projects in developing countries where CIDA maintains a bilateral program. In addition, technical assistance continued to be provided to improve technical/managerial skills as part of our normal bilateral assistance to these countries (for further information see the discussion of bilateral technical assistance in Section III).

(c) Cooperation with voluntary agencies

45. In 1976, over 253 Canadian NGOs were involved with CIDA financial assistance, in more than 968 projects in 98 countries. The value of the projects was over \$125.9 million (Cdn) of which CIDA provided \$38.1 million (Cdn) in the form of grants designed to match the cash raised by the NGOs for international development work from the private sector. The cash value the NGO funds raised was over \$43.0 million. In kind goods and services would raise this amount by over \$44.0 million.

46. The objective of the NGO program is to expand Canadian involvement in international development by encouraging NGOs and their members to participate actively in international development projects which respond to needs expressed by citizens of the third world. NGO projects are among the most innovative funded by CIDA. They are, on the whole, rural oriented and tend to reach the people. In addition, to the CIDA and NGO funds, four provincial governments made matching contributions totalling \$6.65 million (Cdn) to NGOs fund raising in their provinces.

47. In order to expand its range of services in developing countries, CIDA created, a little over two years ago, the International NGO Division. This new form of assistance is granted to International NGOs which offer a framework, facility and capability for coordinated development action of the kind which Canadian NGOs are unable to undertake. The main emphasis of the program is on projects and activities which encourage self-reliance and strengthen managerial and organizational capabilities of third world groups and individuals. In 1976/77, forty-six projects costing \$6.5 million (Cdn) presented by forty-one International NGOs were approved. CIDA provided 22.4 per cent of total costs or \$1.45 million (Cdn). Thirty of the projects approved were for management and leadership training, rural development and institution building. The balance was for workshops, information services, research and scholarships.

III TECHNICAL COOPERATION

(a) Bilateral Technical Assistance

48. Recruitment and selection of Cooperants: In 1976, under CIDA's bilateral program, there were over 1,000 cooperants in more than 60 developing countries. A cooperant is a person under contract with CIDA for service abroad related to a program of development cooperation. Generally speaking, an important role of the cooperant is to transfer his (her) specialized skills to counterparts in the host country. Cooperants are either hired directly by CIDA or through an executing agency. Executing agencies are private firms, non-governmental organizations, or universities which enter into contract to execute CIDA projects. In addition to experts under CIDA's bilateral program 242 nominations were submitted to 19 United Nations agencies. Forty-five appointments were made as a result. CUSO and SUCO also had some 1,100 volunteers in the field during 1976, and CESO had approximately 250 persons on short-term field assignments (3 to 6 months).

49. Since 1974, the downward trend in the total number of educators has continued although large numbers of teachers are still recruited for Francophone Africa. Over 240 teachers were involved in Francophone Africa, mainly at the university level and in teacher training. In the English-speaking countries, there were some teachers at the post-secondary level in technological subjects and several projects at the university level in finance, accounting and management sciences.

50. An increasing demand for engineers was noticeable in 1976, particularly in such civil engineering fields as municipal water and sewerage systems, water resources, roads and harbours. It has also become apparent this year that we are reaching the point where we are having difficulty meeting the demand for experienced engineers in the power engineering field, especially for hydro projects. The other noticeable trend in engineering is a demand for experts in all aspects of the railway sector.

51. In 1975, it became apparent that there was an increase in technical assistance related to renewable and non-renewable resources. This continued in 1976. Requirements for cooperants in agriculture, forestry and fisheries increased as a result of projects oriented towards small-scale agriculture or rural development projects. In the non-renewable resources sector, CIDA continued to assist in the mining sector by providing cooperants for projects related to the strengthening of existing governmental organization.

52. With regards to the Agency's effort to strengthen the management skills of developing countries, activities in specific areas, such as financial administration, development banking, management development and organizational analysis, have increased. There has also been a notable increase in requests for technical assistance from developing countries wishing to improve management practices in their public service, thus resulting in a greater demand for Canadians with expertise in many of the fields of the management spectrum.

53. In order to satisfy the demand for cooperants in all sectors, CIDA has made improvements and modifications to its selection process. In addition to the computerized list of over 3,500 qualified Canadians which is maintained within CIDA, the Agency has also begun a program of resource development. As a consequence of increased demands in some sectors, it has become necessary to extend the base of resource institutions in Canada in order to augment the supply of highly-qualified experts. CIDA has undertaken a program to encourage cooperation and participation by departments of provincial governments, university faculties and professional organizations. Where possible, CIDA has adopted a "contracting out" policy whereby a Canadian institution is given full responsibility for the implementation of an approved project. During 1976, there was an increased emphasis by CIDA on the use of contracting organizations in lieu of the traditional method whereby the cooperants were recruited and administered by CIDA.

54. In 1974, CIDA reported that selection weekends had been developed for the Francophone recruitment program. This selection procedure was improved in 1976 with assessor training, clarification of selection criteria and measurement techniques. The method was used to assess teacher candidates for Francophone Africa, as well as the teamwork capacity of nurses and non-education advisors. About 130 candidates and spouses were assessed in 7 sessions. Data was retained for research purposes, including an overseas validation study, planned for early 1977. An Assessment Centre Coordinator position was created in September to plan and evaluate the adaptation of the method to other sectors of CIDA recruitment, towards the goal of establishing a permanent CIDA assessment centre. In addition to modifying this particular section of our selection process, the Agency has initiated training programs in interviewing and selection and experimented with new interviewing techniques.

55. Preparation of cooperants: In 1976, the Briefing Centre designed and implemented 40 Briefing Programs for 482 cooperants. Briefings were given for over 40 countries representing five different geographical regions: Asia, Latin America, Caribbean, Commonwealth Africa, Francophone Africa. The Briefing Program is usually five days in length and attempts to prepare people to live and work effectively in the new cultures. Program content includes sessions on CIDA organization and philosophy, project information, country specific orientation, intercultural communication, aspects of foreign aid, health preparation and meetings with ex-cooperants. In the Latin America program, in addition to receiving a regular pre-departure briefing program, cooperants and their families also continue to receive 8-10 weeks of language training in Cuernavaca or Antigua. This total immersion in language and culture has been found to be very successful and the Briefing Centre is presently exploring the setting up of a similar service in other geographic regions. In addition to its regular briefing programs, Briefing Centre staff engaged in three different field missions: one was to assist a group of cooperants in "team building", another involved research into identifying human variables that are crucial for success in such overseas initiatives, and the third involved participation as animateur of a CIDA evaluation mission.

56. During 1977, the Briefing Centre is planning to publish a manual outlining in detail the content of Briefing programs, the methodology employed, the criteria used to evaluate program effectiveness. There will be an increasing emphasis placed on training cooperants in the skills and knowledge required to effectively transfer knowledge in a developing country. The Briefing Centre will also explore various approaches to in-country support services for cooperants. Research on identifying the variables crucial for successful adaptation will continue to be a priority as well as the development of a system for identifying the specific needs of cooperants for effective work in the field.

57. Debriefing: In 1976, the Agency initiated a series of experimental debriefing seminars. By debriefing returned cooperants in a group, it was possible to obtain feedback in order to enable different parts of the Agency to make appropriate program changes and plan more realistically for future directions. The Briefing Centre will prepare a summary report based on the four group debriefings with recommendations for September 1977.

58. Third country training: There was increasing emphasis on the use of developing country institutions for third country and regional training in 1976. In Asia, over 40 students were supported in diploma and degree courses at the University of the South Pacific in Fiji and 64 students were in science and engineering at the graduate and post-graduate levels at the Asian Institute of Technology in Thailand. In addition to these long-term programs, the Agency continued to provide support for short-term courses in technical education planning and curriculum development held by the Colombo Plan Staff College in Sri Lanka. Over 100 students were at six regional centres under the South East Asian Ministers of Education Organization, studying agriculture, education methods and tropical medicine.

59. CIDA's Latin America program has since 1975 shifted some of its training activities from Canada to Latin America third countries. Relevance of training, reduction of cultural and social adjustment problems and concern about brain-drain implications have been strong considerations which have led to the shift towards this type of scholarships and training.

60. There were more than 150 students training in Francophone Africa; however the most important program was CESTI (Centre d'etudes des services techniques de l'Information) in Dakar where more than 60 students received training in journalism. A scholarship program was begun with Niger in which close to 150 students will begin training in 1977/78.

61. Training facilities in the Caribbean have developed considerably in the past decade and most of the area's training requirements can be met in the region, although there are some degree programs such as veterinary medicine which are not available. The use of regional facilities is deemed desirable for a number of reasons: this training may be more specifically relevant than Canadian training, problems of social and cultural adaptation will be less for the students, a measure of financial support is provided to the regional institutions and the cost per student will probably be less. In addition to the students studying at the University of the West Indies on Canadian scholarships there were students attending six other institutions: The Jamaica School of Agriculture for

diplomas or degrees in agriculture, home economics, animal or crop husbandry; the St. Lucia Technical Teacher Training College, the Eastern Caribbean Institute of Agriculture and Forestry, the Barbados Hotel School, the Guyana School of Agriculture and the College of Applied Science and Technology. During 1977, the first three years of training carried out under the new policy will be evaluated and a decision taken on future courses of action.

62. Commonwealth Africa Division had approximately 120 students at African institutions during 1976. Of this number 55 were being trained under a scholarship program being administered by the Association of African Universities, and 53 under a special Memorandum of Understanding with Botswana. The remaining trainees were associated with specific bilateral projects. Two problems account for the relatively slow expansion of Commonwealth Africa Division's third-country training program. First, there is a lack of training vacancies at most African institutions and second, an effective and simple mechanism for placing and administering all trainees has not yet been identified. An evaluation of the AAU program is scheduled for early in 1977, and the data obtained may suggest ways of expanding third-country training.

63. In-Canada Training: During 1976, 252 trainees from developing countries were admitted to Canadian universities and colleges or were attached to private industry under CIDA sponsorship. At the end of the year, there were 1,314 trainees enrolled in the program in 89 educational institutions across Canada or attached to other Canadian institutions for short-term training. In addition, at the request of U.N. Agencies, arrangements were made for 138 individuals to enter training programs or to participate in technical visits to government organizations and industry.

64. CIDA expanded its program of support for bilateral trainees by entering into contracts with 10 additional universities and other institutions. We now have a total of 18 local and regional coordinators across the country to provide routine administration and counselling. Several regional orientation sessions were held where representative groups of trainees were brought together to discuss their training awards and to suggest improvements in the program. The sessions offered the trainees an opportunity to meet with their colleagues and to relate their experiences in adjusting to life in Canada. These orientation meetings have proven to be popular and informative for both trainees and the staffs of CIDA and the coordinators.

(b) Development of adapted technology and its transmission to LDCs

65. Canada has repeatedly indicated its willingness to cooperate with developing countries in their attempts to improve their technological capabilities. This implies a focus not only on support of scientific research in developing countries, but also on the problems which have limited the ability of LDCs to introduce technological change - the availability of a suitable technological infrastructure, supporting services, training and maintenance facilities, qualified skilled manpower,

managerial/entrepreneurial skills, as well as an economic/social environment conducive to change. CIDA is the main channel for technological cooperation with LDCs, and most of CIDA's activities can be considered to contain an element of technology transfer, looked at in its broadest sense.

66. In particular, Point 11 of the 1975-80 Strategy reaffirmed Canadian support for "national and international research organizations which act as instruments for improving indigenous research capability".

67. Within the Multilateral Program assistance is provided in support of international research programs in agriculture, health and population, in addition to support of a wide variety of technical training/technical assistance programs of the UN and other international and regional organizations. Table VII provides a detailed breakdown of multilateral grant programs. As is evident the bulk of support has been for agricultural research, through the Consultative Group on International Agricultural Research (CGIAR). In this there has been a very close working relationship with the IDRC. Support is also being provided to the WHO Research Programs in Population and in Tropical Diseases.

68. Bilaterally, technical training is provided through professors and/or scholarships to universities and technical institutes in the recipient country or in "third country" institutions. A detailed discussion of technical assistance activities is provided in the preceding section. Assistance is also provided to research efforts of individual LDCs; for example, a grant to India for the provision of sophisticated equipment to CSIR for research and training, grants to Kenya, Ghana and Tanzania for wheat research. Support has been provided mainly for applied, as opposed to basic research in the agricultural sector. (A detailed discussion of Canadian support in this area can be found in last year's Memorandum). A number of projects have been undertaken which are complementary to our outreach programs of regional agricultural research institutes (such as IRRI, CIAT and CIMMYT). Also use is frequently made of these centres and/or the IDRC in project planning, administration and evaluation.

69. The comfith* technology projects in the Caribbean provide a good example of an adaptive technology program. CIDA involvement dates from 1969, including some fifteen projects which represent a total commitment of \$11.518 million (Cdn) (of which \$5.868 million (Cdn) was a grant). In 1976 a Sugarcane Food Demonstration and Training Centre was established at the Faculty of Agriculture /UWI in Trinidad by McGill University to demonstrate and train persons in animal feed techniques (\$3.5 million (Cdn) grant). Also in 1976 the Caribbean Industrial Research Institute (CARIRI) was commissioned by CIDA to develop a small scale sugar pilot plant, using comfith technology, for eventual use on various small islands to replace imported sugar (\$.16 million (Cdn) grant). A number of illustrative examples of CIDA bilateral projects involving technological cooperation (and in particular support to scientific research in LDCs) is provided in Annex I.

* Comfith is the scooped-out pith of the sugarcane stalk which can be used as the basis of a livestock feed or as a base for new sugar technology.

70. Concern has been expressed that scientific and technological co-operation should be broader than the traditional aid relationship, in particular in the case of middle-income developing countries. At present the main involvement of the Canadian scientific community in undertaking research specifically directed at developing countries has been in connection with projects being undertaken and financed by CIDA and IDRC. In particular a number of Canadian universities, research institutes and research groups associated with Canadian Government departments have executed projects on behalf of CIDA, as can be seen from the project examples in Annex I. While in many cases the projects being undertaken by CIDA involve the adaptation of the results of Canadian research (e.g. cornfith projects, wheat research), the major portion of the adaptive research has taken place in the LDCs themselves.

71. Point 2 of the 1975-80 Strategy focused on identifying "new forms of cooperation" for the middle-income developing countries, i.e. an intermediate type of relationship somewhere between a traditional aid relationship and a purely commercial one. Technological cooperation is one of the areas in which an attempt is being made to identify new forms of cooperation, as was explained in some detail in last year's Memorandum. This approach applies in particular to the Latin American and Caribbean programs, both of which have recently undergone intensive reassessment, with the focus on trying to identify suitable "new forms". As one concrete step in the direction of improving the technology flow to LDCs and of re-orienting some of Canada's domestic R & D effort towards their specific needs, the Ministry of State for Science and Technology started, in 1976, a feasibility study of the concept of linking or "twinning" certain Federal Government scientific institutions with their counterparts in developing countries.

(c) Activities of IDRC

72. In 1976 the Parliament of Canada appropriated \$29.7 million to support the operations of the International Development Research Centre, the public corporation it had established in 1970 as Canada's main channel of assistance to research in developing countries. By December 31, 1976, the Governors of the Centre (11 of whom are Canadians, while 10 come from other countries including 6 from developing countries) had approved a total of 550 projects in 76 different countries, which will call for expenditures of \$96.3 million (Cdn). During the calendar year 1976, a total of 123 projects were approved requiring expenditures of \$29.6 million (Cdn). Among this total are several projects which began in the early days of the Centre on a trial basis of two or three years' duration, and have shown promising enough results to move into a second phase.

73. Of this cumulative total, approximately 35 per cent of the funds has been in support of projects in Asia, while Africa has received about 20 per cent. Latin America and the Caribbean together have received approximately 20 per cent of the total funds. A further 20 per cent has been devoted to projects spread across the third world, and less than 6 per cent (\$5.7 million (Cdn)) has been allocated to research in Canadian universities and institutions. This is in accordance with one of the objectives laid down in the Act establishing the Centre, that it should "assist the developing regions to build up the research capabilities, the innovative skills and the institutions required to solve their problems".

74. An example of the work done at Canadian universities in support of research in developing countries is the research carried out in the microbiology department of the University of Guelph into the feasibility of producing protein enrichment of cassava by fermentation with micro-organisms. The Guelph scientists have developed an uncomplicated method for producing low-cost animal feed by the conversion of cassava starch and inorganic nitrogen into microbial protein, and have shipped a pilot plant to the International Centre for Tropical Agriculture (CIAT) in Colombia, centre of a global network of cassava research. The project has now entered a second phase at both CIAT and Guelph.

75. Agricultural research: IDRC contributions to the international centres of agricultural research have continued to be in the form of support for particular portions of these centres' programs. An important exception to this has been the \$550,000 (Cdn) grant given as core support in 1976 to the International Centre for Agricultural Research in Dry Areas (ICARDA) that was formally launched in July with main research sites near Aleppo in Syria and Tabriz in Iran. In addition, a great deal of IDRC staff time, in both legal draftsmanship and administration, was devoted to the establishment of ICARDA, and IDRC acted as executing agency for the embryonic centre until July.

76. In covering North Africa and West Asia, ICARDA will be pioneering research in cereals, grain legumes such as chickpeas, broadbeans and lentils, and into farming systems in the only major agro-climatic region not served by any of the existing eight international centres of agricultural research. IDRC has also been increasing its support of legume research and, after contributing considerably in its early years to research concentrating on individual crops, has been placing more emphasis recently on cropping systems. Thus IDRC and ICARDA share concerns and priorities in research needs.

77. During 1976, also, IDRC made its first grant of \$410,000 (Cdn) to the West African Rice Development Association (WARDA), to support studies of rice production in Northern Senegal.

78. As well as continuing support of research into improvements of crops such as sorghum and triticale, and into cropping systems, IDRC in 1976 further developed its concern with the improvement of post-harvest systems. It published a booklet Hidden Harvest, which suggests a systems approach to the reduction of wastage in harvested crops, and it contributed to milling and storage research projects in Botswana and Senegal that will take advantage of the experience gained at the pilot flour mill that was established with IDRC assistance in Northeast Nigeria.

79. In further efforts to increase food production, IDRC was supporting a number of aquaculture (fish farming) projects mainly in Asia. One that showed particular promise in 1976 was the experiment in carp polyculture in village ponds in the Indian States of Orissa and West Bengal, where the stocking of ponds with five or six different species of carp, each with a different eating habit, and controlled fertilization and pond management produced yields up to 10 times the normal catch.

80. The close connection between forestry and agriculture, often ignored in rural development programs, has been underlined in a number of recent projects IDRC has begun supporting in West Africa. In this research into agri-silviculture the emphasis has been on increasing land productivity and raising the income of small-scale farmers by improving timber production alongside farm-plots. An IDRC publication Trees, Food and People, Land Management in the Tropics, the result of worldwide consultations about priorities in tropical forestry by its authors J. G. Bene and H. W. Beall, has led to the establishment of ICRAF, the International Council for Research in Agroforestry, to which IDRC made a first contribution of \$300,000 (Cdn).

81. Altogether, up to December 1976, a total of \$39 million (Cdn) (or 40 per cent of IDRC's committed funds) had been allocated to projects directly related to food production.

82. Technical cooperation: In the development of adapted technology and its transmission to developing countries, all IDRC divisions have sought to assist scientists and technicians in those countries to develop techniques and processes that will be locally most acceptable as well as effective. The Agriculture division has supported projects that included consumer preference surveys, so that they could serve as a guide in developing, for example, a flour mill.

83. The Social Sciences division has been concerned with the balance between technical and social progress, and has supported projects measuring the social benefits (or possible damage) of technological advance. One such project that came to a close during 1976 was carried out in villages in Northern Sumatra and neighboring Malaysia, where research teams have studied how far government assistance in technical improvement in rice and rubber production has been matched by social advances. The Information Sciences division has also completed a network of support for a series of five projects of remote sensing, using the Landsat images to provide sets of thematic maps of remote areas of Bolivia, the Sudan, Tanzania, Mali and Bangladesh. This series of projects has involved training local personnel in this new information technique.

IV. THE 1975-80 STRATEGY AND BASIC NEEDS

84. The guiding principles of Canadian development assistance, as elaborated in the 1975-80 Strategy, are consistent with the principles underlying a "basic needs" approach to development. In particular, Point 5 of the Strategy, which defines the objective of Canadian development assistance, emphasizes the commitment to a more equitable distribution of the benefits of development within countries and an improvement of the living and working conditions of the least-privileged sections of the population. Point 7 states that greater emphasis will be placed on the most crucial aspects of development, including food production and distribution, rural development, education, public health and demography. Point 8 states that the bulk of aid resources would continue to be directed to the poorest countries. A discussion of the implementation of these points, particularly in the area of support to agricultural and rural

development, was provided in last year's Memorandum under the heading "Social Aspects of Development".

85. As was indicated in last year's Memorandum, implementation of the 1975-80 Strategy has meant a shift in emphasis in the bilateral assistance program in favour of programs in identified priority sectors -- in particular, agricultural and rural development* where the focus is increasingly on large integrated projects, reflecting a multi-sectoral, multi-disciplinary approach, and on more flexible transfer mechanisms (e.g. program or sector loans, lines of credit). As has been mentioned earlier in this Memorandum, this shift in emphasis has resulted in some short-term disbursement difficulties, as could perhaps be expected with a shift to projects which are administratively more labour-intensive and more difficult to identify -- particularly in the poorest countries. Rural development projects involve by their very nature a very high proportion of local costs. Thus there has been a tendency towards increasing use of the existing local cost authority.

86. The dimensions of this new focus varies depending on the geographical programming area. In the Asia program, for example, one intention is to concentrate on activities in the agricultural sector, within the limits imposed by the current local cost authority, and the nature and extent of appropriate Canadian capabilities. As a rough estimate it is expected that approximately 25 per cent of the current IPF (1978/83) will be in agriculture. In addition to the IPF, it is expected that food aid will account for a significant proportion of aid to Asia over the same period (i.e. approximately 20 per cent). Agriculture will be of particular importance in CIDA's bilateral programme in Bangladesh, Sri Lanka and Nepal where it is projected to account for 40 to 50 per cent of project assistance.

87. In the Commonwealth Africa program disbursements in agricultural/ rural development sectors have grown from 7.4 per cent in fiscal year 1975/76 to an anticipated 18 per cent in fiscal year 1976/77. Planned disbursements based on the 1976 Country Program project further increases to 26.1 per cent in fiscal year 1977/78 and 33.0 per cent over the IPF period 1978/83. Similarly in the Francophone Africa program efforts are being concentrated on large integrated rural development projects such as those already underway in Mali (Kaarta) and Rwanda (Mutara). In 1977/78 the agricultural share of the program will approach 25 per cent, compared to 6 per cent in 1975/76. Projected agricultural disbursements for the 1978/81 IPF period are 31.7 per cent. In the Latin American program a substantial increase is also projected in agriculture, with the focus being on integrated regional projects.

* It should be noted that the term "rural development" is broader than agriculture, including rural health, rural education, rural electrification, rural roads and rural water supply. Given that the target is the rural population, which represent the poorest segment of LDC populations, it can be seen to be largely coincident with a focus on basic needs.

88. The Caribbean program provides somewhat of a contrast in that, since the basic social infrastructure and services are already in place, the focus of the CIDA program, based on a recent review, will be on productive employment creation. Further investment in social overhead capital is to be considered only when such investments are a necessary and proven component of an integrated program with potential for accelerating productive employment opportunities.

89. Annex II provides a number of illustrative examples of bilateral projects which are directed towards satisfying basic human needs. These projects fall into the following main categories: agriculture/rural development, water supply, and public health. As was mentioned earlier, with the shift in emphasis to agricultural/rural development, there has been an increasing tendency towards support of large integrated programs. An interesting and innovative example of this approach is the recently approved integrated regional development program in the regions of Petit-Goâve and Petit-Trou-de-Nippes in Haïti (involving a \$16 million (Cdn) grant of which up to 43.7 per cent is untied for local costs). The objective is to create the conditions necessary for autonomous development through integrated rural development involving the people in the program region. In particular the program involves two complementary components: 1) the study and elaboration of a development plan based on the needs expressed by the population, and 2) a series of activities in the following sectors: agriculture, small industry, infrastructure, health and education, focused on increasing production and improving general living conditions. The project uses a new approach in its methodology, i.e. the iterative process whereby the development of a plan and its implementation take place simultaneously--allowing for readjustments in the course of planning, while avoiding the long delays habitually associated with putting a global plan into action. The principal reference point of the process and the force behind it is the population itself.

90. Within CIDA's Multilateral Program greater emphasis continues to be placed on a number of priority sectors -- in particular agriculture and renewable resources, health and population. The last two years have seen a rapid growth in contributions to UNICEF and the WFP, both organizations which focus predominantly on "basic needs". Multilateral food aid channelled through the WFP has increased substantially beginning in fiscal year 1975/76 to a level of approximately \$100 million from a steady level of \$15 to 20 million in previous years.

91. CIDA's grants to Non-Governmental Organizations (NGOs) continued to be made to agencies with specific projects overseas like CANSAVE, the Churches, Oxfam, etc.; to agencies with ongoing program in developing countries such as the Canadian University Service Overseas (CUSO), the Canadian Executive Service Overseas (CESO), World University Service of Canada (WUSC), etc.; and to organizations such as the educational institutions and professional groups which have special skills or abilities which can be effectively utilized in the third world.

92. These organizations continue to stress projects in the field of rural development, food production, basic and preventative health care, housing, lower level education and community development. The vast majority -- over 95 per cent -- of the NGO projects are in these sectors and one of the NGO Division's criteria for project funding is that it support increased self-reliance among the poorer segments of the society.

V. AID MANAGEMENT

(a) Donor-Recipient Relations in Aid Administration

93. There were no major administrative changes within CIDA during 1976, nor were there any new developments regarding the approach to donor-recipient relations. Discussions with recipients regarding the size and content of aid programs continue to be carried out through planning missions to the major recipients, as well as in cooperation with other donors at meetings of the various consortia groups and in the field. In the case of project countries discussions with the recipient would take place on a project-by-project basis as requests are received.

94. As was mentioned in last year's Memorandum fiscal year 1976/77 was the first year of implementation of a new program of Mission Administered Funds (MAF). Under the new program, funds can be disbursed for small development projects and for scholarships or training awards tenable in the recipient country or another developing country, up to a maximum of \$200,000 per country per year and a maximum of \$25,000 per project. Experience with the new program has been satisfactory to date and it will be continued at the same level.

95. One trend which may be mentioned here has been the increasing use in recent years of such organizations as the Harvard Institute, the International Agricultural Research Centres and the Canadian Non-Governmental Organizations (such as World University Services and CUSO) in project identification and as an executing agency for bilateral development projects. The use of such mechanisms is expected to continue to grow over the coming years as a direct consequence of increased programming for rural development. In particular, since Canadian NGOs must recruit from the same Canadian resource base as CIDA, and given capacity limitations, there will be a trend towards greater sub-contracting to international institutions and organizations.

(b) Programming and Financial Management

96. A detailed accounting of the country programming cycle, and use of Indicative Planning Figures (IPFs), introduced by CIDA Bilateral Branch in 1974, was given in that year's Memorandum. The five-year IPFs are approved by Cabinet and are subject to yearly Cabinet review. These figures provide an indicative financial framework within which future planning may take place.

* Additional details on the MAF program itself were provided in last year's Memorandum.

97. In 1966, Cabinet approved the current forward commitment authority under which CIDA's bilateral grant and loan program may be committed against any one year's planned appropriation up to a maximum of 75 per cent of the current year's appropriation. Since that time an annual cash disbursement ceiling was introduced in 1974/75, indicating that Planning Figures were adopted as the basis for planning, and the annual appropriations were reduced significantly to allow for depletion of balances in non-lapsing accounts. Furthermore, the budget estimates for fiscal year 1977/78 contained a rewording of Parliamentary votes to strengthen accountability to Parliament and provision for abolishing the non-lapsing nature of certain votes.

98. In keeping with the Strategy recommendation regarding greater liquidity of transfers (Point 13), recent years have witnessed slightly increased use of general lines of credit providing greater flexibility in the overall program, to take a more integrated sectoral approach and at the same time reduce the administrative involvement of CIDA and the consequent need for staff increases in proportion to budget growth. Also the negotiation of a sectoral or program loan (as opposed to commodity loan or line of credit) provides both Canada and the recipient with a broad framework within which to plan future assistance in specific sectors over a specified period of time. A number of examples of recently approved sector or program loans are provided in Annex III.

99. Based on a detailed study of CIDA's management of grants and contributions made in the years 1974 to 1976, the Auditor-General of Canada has made a number of recommendations to improve and strengthen the Agency's internal systems of financial control and project management. Most of these recommendations have already been acted upon. An extensive revision of the directives and procedures governing management is being carried out, and a new manual for project officers is being issued to ensure more consistent standards. CIDA's Finance Division has been reorganized, adding more professionals and assigning financial advisors to the major operating divisions. The safeguard systems that control project expenditures have been tightened. Commitment controls have been substantially overhauled. Similar strengthening has been carried out in the delegation of financial authority. In addition, a major study of CIDA's procurement needs and practices has been completed and its recommendations are now being implemented. A major review of our food aid program is currently in progress in collaboration with the Treasury Board. These new measures of financial management and tightening of accountability to Parliament have, however, to be reconciled with the use of more flexible transfer mechanisms mentioned earlier in this section.

(c) Cooperation with other donors

100. Consultation with other bilateral and multilateral donors is an ongoing activity which may arise in connection with either our assistance programs in a particular recipient country or our mutual interest and involvement in a particular project. Consultations may also take place at a more general development policy level as in the case of recent Canada/EEC consultations. We have found these consultations to be very useful both

from the point of view of identifying areas of mutual interest as well as in assuring a more coordinated donor approach. Canada has also been actively involved with the Club des Amis du Sahel to which we provide both financial and technical assistance. Canadian experience to date with this new approach in finding ways of meeting regional needs has been positive. In May, 1976 Canada was host in Ottawa to the annual meeting of the Club. Canadian experience with certain multilateral sector-specific coordinating bodies has also been very positive, in particular the WHO Onchocerciasis Control Program and the Consultative Group on International Agricultural Research.

101. As was indicated in last year's Memorandum, Canada has found joint ventures with other donors a useful mechanism for coordinating differing resources, giving a multiplier effect to Canadian efforts. In keeping with Point 3 of the 1975-80 Strategy Canada has been seeking opportunities for cooperation with other donors -- in particular through co-financing arrangements with multilateral institutions and with OPEC donors. Examples of a number of recent projects are provided in Annex IV.

102. Although co-financing has become more substantial in recent years, except for a recent co-financing agreement between CIDA and IDA, there has not been any protocol or formal umbrella agreement entered into with multilateral institutions. Under the agreement with the IDA (April 1977), CIDA will initially provide up to \$35 million (Cdn) from its bilateral funds for financing of joint projects with IDA, in priority sectors and countries. Consideration will be given to expanding this agreement depending upon an assessment of this initial experience. Disbursements made under this special arrangement will be untied and at normal IDA terms. By standardizing procedures for co-financing it is expected to lead to closer cooperation with the World Bank, resulting in administrative savings at a time of Government spending restraint. Several potential projects are under consideration, with the emphasis on agricultural development and water supplies in Africa and Asia.

103. With the continued financial pressure on many international organizations, and the severe financial crisis of the UNDP during 1975 and 1976, Canada has been approached (as have other bilateral donors) to an increasing extent by UN Agencies to provide bilateral funding, in some cases required to continue ongoing projects previously being funded by the UNDP, for example, the Disease Investigation Centres project in Indonesia. Such requests have been treated on a case-by-case basis with funding dependent upon whether the project is consistent with CIDA's country program priorities for that recipient. Certain issues have arisen with respect to the takeover of projects in mid-stream, such as payments for non-Canadian contract personnel, the sourcing of equipment, and the question of administrative charges.

104. During recent years, CIDA has been involved in a number of tripartite funding activities with OPEC and other bilateral donor countries. In all but one case joint funding with OPEC donors has included the World Bank as the coordinating agent. As yet, no projects have been undertaken involving only Canada and an OPEC donor. Canada is involved in seven OPEC co-financed projects, with commitments totalling approximately \$113 million (Table IX). Six of these (\$105 million are funded through CIDA (O/10/50 loans) and one in Egypt is with EDC. Discussions are currently underway with Kuwait regarding a food grain storage project in the Sudan. The major reason for slow development of tripartite projects has been the administrative cost problems involved in developing a project with more than one donor agency (and therefore different political objectives, organizational and administrative structures, and financial and operational procedures). Therefore the World Bank

Table IX
OPEC Co-financing

<u>Recipient</u>	<u>Project</u>	<u>Participants</u>	<u>(\$ m.) Amount</u>
Cameroon	Douala port	ABEDA	10.0
		AfDB	12.7
		Canada	30.6
		EDF	4.9
		France (CCCE)	3.3
		France (FAC)	3.3
		IBRD	24.4
		Kuwait	7.6
Congo	Railway System (CFCO)	ADEBA	10.0
		AfDB	12.7
		Canada	12.7
		EDF	17.3
		France (CCCE)	4.7
		France (FAC)	9.3
		IBRD	38.0
		Kuwait	13.6
Egypt	Railways	Saudi Arabia	20.0
		Canada	8.0
		France	4.7
		Germany (FR)	10.7
		Germany (GDR)	14.4
		IBRD	37.0
		Saudi Arabia	65.0
		United Kingdom	6.7
Ghana	Hydro-electric project	USA	4.8
		ABEDA	15.0
		Canada	35.0
		EDF-EIB	29.0
		IBRD	50.0
		Kuwait	25.0
		Saudi Arabia	30.0
Mali	Selingue Dam	ABEDA	15.0
		AfDB	6.0
		AfDF	5.5
		Canada	9.0
		EDF	38.5
		France	16.3
		Germany	15.4
		Italy	5.3
		Kuwait	17.0
		Saudi Arabia	20.0
Mauritania	Highway project	Canada	4.5
		IDA	3.0
		Kuwait	3.8
Togo-Ivory Coast -Ghana	Regional clinker project (CIMA0)	ABEDA	10.0
		AfDB	6.0
		Canada	13.0
		EDF	20.0
		EIB	24.0
		France	10.5
		Germany	21.7
		IBRD	60.0

is normally brought in as the coordinator. These factors have also made it difficult to establish any umbrella agreement or any other systematic approach to tripartite funding. Projects therefore continue to be handled on a case-by-case basis.

VI. PUBLIC INFORMATION

105. During 1976, the Canadian public continued to manifest considerable concern regarding the level of public expenditures in general and the effectiveness of the aid program in particular. CIDA's public information strategy has been based upon the belief that the credibility of the aid program must be based upon an objective presentation of the issues and a full and candid explanation of aid policy and activities. Problems should be identified and difficulties admitted if a positive dialogue is to be fostered. A second major principle of the public information strategy is that the most believable witnesses to the pressing needs of the developing countries are the professional communicators themselves. Thus, CIDA has actively supported efforts by the news media to broaden their understanding of the issues, and cover the "story" of international development. This principle is supported by research which has shown that most Canadians obtain their information on international issues from the mass media, especially television, and that this medium is the most believable source of news. During the year, CIDA continues its ongoing program of cooperation with the journalism faculties of Université Laval and the University of Western Ontario, which offer a variety of seminars and courses for journalists in third world issues. Through co-funding arrangements, CIDA assisted Radio-Canada to produce 13 half-hour television programs on world agricultural problems. Other major productions included a comprehensive annual aid review publication and a 27-minute colour film, "The Land and New Priorities", which stressed rural development.

106. Expenditures on public information reached their highest level since CIDA's creation. Some \$850,000 (excluding salary costs) was spent directly on public information activities. CIDA research showed the majority of Canadians (75 per cent) were a little or not at all informed about Canada's aid program. Those who expressed an opinion were in the main split on the issue of whether Canada overspends (28 per cent) on aid or not (35 per cent). Most respondents say they want more concrete proof aid is really doing some good, and many people fear that aid does not get to where the need is.

107. The Public Participation Program run by CIDA's Non-Governmental Organization Division continued its efforts to promote Canadian support for international development cooperation and to encourage greater public awareness of development issues and problems through participation in NGO's institution and community groups. Priority in funding is given to projects and programs that:

- promote the involvement of people in major sectors of the public, geographical areas and organizations not yet engaged in international development cooperation;
- include as an integral purpose the mobilization of direct, practical support for development work overseas in the form of funding and/or contributions in kind from the Canadian private sector.

108. The program has encouraged the establishment of many new regional and community groups throughout the country which are now actively promoting development participation. Greater public awareness of LDC needs is reflected in the increased resources which NGOs have secured from the private sector and from the provincial governments of Alberta, British Columbia, Manitoba and Saskatchewan.

109. During the past year, program staff also helped initiate development education projects through mass-membership organizations that provide an effective means of reaching significantly large sectors of the Canadian public. Such organizations included the Canadian Labour Congress, Confédération des syndicats nationaux, Cooperative Union of Canada, Conseil de la coopération du Québec, Canadian Teachers Federation, Canadian Home and School and Parent-Teacher Federation, Canadian Consumers Association, National Farmers Union, and the YWCA. CIDA financial collaboration in such ventures has been through a "matching grant" mechanism.

110. The importance of this matching grant incentive program has been recognized by members of the Parliamentary Subcommittee on International Development who have urged the Government to substantially increase its assistance to NGO educational programs which the MPs regard as "essential in encouraging Canadians to support the New International Economic Order".

111. In accordance with Point 21.5 of the Strategy, which pledges "increased support for activities that inform the Canadian people about international cooperation", the budget of the Public Participation Program in 1976/77 was set at \$1.5 million (Cdn), an increase of 25 per cent over that in 1975/76. A further increase was planned for 1977/78.

ANNEX I

Illustrative Examples of Recent CIDA Bilateral Projects

Undertaken in Support of Development of Technology

Country	Project Title/Description in LDCs	Cdn (\$ million) Amount Committed
Asia Regional	South East Asia Research Centre in Agriculture (SEARCA) - Support of research program on problems of post-harvest technology - in collaboration with IDRC and US-AID.	0.05
Bangladesh	Bangladesh Rice Research Institute - to implement the Institute's cooperative research program with IRRI.	0.40 grant (Untied)
Brazil	Federal University of Cear� - research and training in fisheries, collaboration between the Centre of Agricultural Research, Department of Fisheries and the Oceanographic Laboratory.	0.58 grant
	National Wheat Research Centre (EMBRAPA) - provision of experts, complementary to a UNDP/FAO project begun in 1970.	0.35 grant
Burma	IRRI Outreach Program - research in plant genetics with objective of increasing rice yields.	2.29 grant (Untied)
Caribbean Regional	Association of Caribbean Universities and Research Institutes (UNICA) - in support of a project on low-cost education technology being undertaken by UNICA	0.07 grant
Colombia	SENA/Furniture School - training of technicians and skilled workers in the techniques of furniture manufacture. Directed towards small and medium-size enterprises.	1.95 grant
	Food Technology - support to the Institute of Science and Food Technology	0.72 grant
Colombia/Ecuador	Grains Research - CIMMYT regional program of applied research in collaboration with CIAT	2.14 grant (100% local costs)

Country	Project Title/Description	Amount Committed
Ghana	Grains development - introduction of improved crop varieties, primarily maize. CIMMYT involvement	2.40 loan 1.50 grant (2.40 Untied)
	Grains development - grains variety testing program and an integrated agricultural extension program - To be executed by the Crop Research Institute of CSIR and CIMMYT	1.75 grant
Guyana	Institute of Applied Science and Technology - in support of applied research in the areas of wood and mineral technology and food processing.	0.22 grant 0.39 loan
India	Drylands Agriculture - support to the Indian Council for Agricultural Research (ICAR) to assist in the further development and application of dryland agricultural techniques.	5.30 grant
Indonesia	Animal Health Services - to enable continuation of UNDP project in support of Disease Investigation Centres at Denpasar (Bali) and Ujung Pondang (Sulaviesi)	0.95 grant
Jamaica	Pig Industry Development - assistance to Agricultural Development Corporation in pig breeding and marketing. Administered by University of Guelph.	0.19 grant
Kenya	Animal Diseases - survey and research into the transmission of a variety of diseases between wildlife and domestic livestock. IDRC undertaking planning and evaluation phases of project.	0.65 grant
Latin America Regional	Demography - technical assistance, research and training in six countries (Chile, Bolivia, Guatemala, Haiti, Honduras, Paraguay, Peru) with involvement of IDRC, Statistics Canada and Canadian universities.	1.70 grant (0.85 local cost)
Peru	Agricultural Development, Colza Phase II - introduction by means of research and demonstration of new complementary crops. Oil seeds research component being carried out by Univ. of Alberta	3.30 grant
	Wheat Research - support of national program of applied research of 72 varieties of tricoli. Provision of Canadian advisors.	0.92 grant (of which 0.72 untied)

Cdn
(\$ millions)
Amount
Committed

Country	Project Title/Description	
Sri Lanka	Beekeeping - introduction of techniques of beekeeping with objective of establishment of a beekeeping industry. (Also projects in Kenya and Tanzania).	0.20 grant
Tanzania	Wheat Research - development of a research capability for wheat and agronomic practices. Extension of project to 1978 with new arrangement to retain services of the Soil Research Institute of Agriculture Canada.	1.79 grant
Zambia	Wheat Development - for development of wheat demonstration (pilot) farms.	5.30 grant

ANNEX II

Illustrative Examples of Bilateral Projects

Addressing "Basic Needs"

Country	Project Title/Description	Cdn (\$ million) Amount Committed
Bangladesh	<u>Support to Rural Development Groups</u> - provision of training, professional support and materials to number of groups engaged primarily in small-scale agricultural activities.	0.08 (CUSO) 0.48 (CIDA) Untied
	<u>Tubewells</u> - to increase food production through improved water supply - joint financing with IDA/Sweden.	5.00 grant
Cameroon	<u>Modernization of Artisanal Fishing</u> - UNDP/FAO involved in preparation. IBRD financing local costs.	5.68 loan 3.28 grant
	<u>Public Health Program</u> - development of preventive medicine sector by improving sanitary education of the masses and intensifying effort to control contagious disease and decrease infant mortality.	1.62 grant
Colombia	<u>Rural Integrated Development</u> - to improve productivity of farms of 1 to 20 hectares in district of Monteria & Tierralta. Loan to be administered by la Caisse de Crédit agricole, industriel et minier (CAJA AGRARIA).	13.50 loan 0.50 grant
El Salvador	<u>Rural Aquaducts</u> - to improve sanitary conditions of rural areas through the provision of potable water to 160 rural communities.	1.20 loan 0.92 grant
Ethiopia	<u>Water Resource Development</u> - provision of potable water to rural communities through the rehabilitation of existing wells and establishment of new water sources.	9.00 grant

Country	Project Title/Description	Cdn (\$ million) Amount Committed
Ghana	<u>Accra/Tema Water Supply</u> - to increase water supply to the Metro area and to the adjacent rural areas.	7.63 loan 2.67 grant
	<u>Upper Region Water Supply</u> - provision of clear water to Bawka, Wa & Bolgatanga and installation of wells with pumps to about 300 villages in the Upper Region	3.00 loan 5.00 grant
Guinea	<u>Artisan fishing industry</u> - provision of outboard motors, construction of local repair shop & technical assistance (executed by FAO)	1.22 grant
India	<u>Dairy Development (Gujarat State)</u> - provision of cattle. Objective is to improve standard of living of members of AMUL Cooperative Union. Cdn Hunger Foundation is executing agency.	0.72 grant
	<u>Dryland Agriculture, Phase II</u> - support to ICAR to assist in further development and application of dryland agricultural techniques.	total 5.80 grant Phase I, 2.00 Phase II, 3.80 (of which 1.73 local cost)
Jamaica	<u>Pig Industry</u> - technical assistance in pig breeding and marketing to promote employment & result in import substitution of local pig meat products.	0.19 grant
Kenya	<u>Isiolo Water and Rangeland Development</u> - to develop an adequate supply of livestock watering facilities to the Isiolo area of N. Kenya	1.35 grant 2.70 loan
Lesotho	<u>Low-Cost Construction Techniques</u> - to establish Modular Systems (Pty) Ltd, as self-supporting construction firm using low-cost, labour-intensive building techniques. Also supported by US-AID and the UNDP.	1.40 grant (50% untied)
	<u>"Thaba Tseka" Mountain Development</u> -(in conjunction with IBRD) - to increase the productivity and incomes of project area farmers. Direct benefits to 3,000 families participating in crop and livestock development schemes & indirect benefits through improved access.	6.00 grant (up to 4.20 untied)
Leeward & Windward Is.	<u>Training of Animal Health Assistants & support to mobile veterinary health services unit</u> - to assist in creation of more broadly based veterinary services in the CARICOM LDCs. Part of larger UNDP project. Other donors include PAHO/WHO, BDD.	0.28 and 0.52 grants

Country	Project Title/Description	Cdn (\$ million) Amount Committed
Mali	<u>Kaarta Integrated Rural Development</u> - goals are to assure adequate nutritional levels of the population by increasing production of foodstuffs, activating the money economy of the region and mobilizing the peasants.	25.32 grant (9.66 untied)
Nepal	<u>Auxiliary Health Worker Training Centre</u> - provision of basic health services to peoples of the Far Western region of Nepal.	1.31 grant (approx. 70% local cost)
Niger	<u>Puits prioritaires</u> - construction of 85 wells along la Route de l'unité (Niger)	1.43 grant
	<u>Puits OFEDES</u> - construction of 23 village wells for Nigerian Org. in north Manga. (OFEDES)	0.40 grant (untied)
Pakistan	<u>Public Health</u> - to assist in improving training standards in community and preventive medicine & assist in the in-service training of para-medical personnel	3.30 grant
Rwanda	<u>Mutara Valley Development</u> - irrigation and settlement of families and introduction of dryland cultivation	4.64 grant (2.21 untied of which approx. 1.68 local cost)
Senegal	<u>Commercialization of Artisan Fishing</u> - directed at increasing availability of animal protein by establishing an integrated program of growth, conditioning, conservation & distribution of artisanal fish products.	12.00 grant
	<u>Refrigeration</u> - renewal and equipping of refrigeration centres of Dakar, Kaolack and St. Louis so as to improve the conditions of commercialization of meat/fish for consumption in principal cities of Senegal.	2.40 loan 0.20 grant
Sri Lanka	<u>Agriculture Sector Loan</u> - provision of equipment for agricultural development (including \$6.0 m for the Mahaweli Irrigation and Land Settlement Scheme).	10.00 loan
Swaziland	<u>Dairy Development</u> - to increase small farmer incomes and develop a local self-sustaining dairy industry.	1.20 loan 2.50 grant
Tanzania	<u>Coast Region Water Master Plan</u> - to assist Tanzania in development of its water resources.	2.70 grant

ANNEX III

SECTOR PROGRAMS AND/OR LINES OF CREDIT

Country	Project Title	Cdn Amount (\$ million)		DESCRIPTION
Indonesia	Water Resource Sector Loan	10.00 (3 years) (0/10/50)		Training to form an integral part of all projects consisting largely of on-the-job counterpart activities. Supplemented with training programs in Canada. Certain projects already identified - water resources study for Sumbawa Is. experts to Water Resources Div. of Central Java and Bengkulu Provinces.
Sri Lanka	Agricultural Sector Loan	10.00 (0/10/50)		For capital equipment, spare parts, and related services. Envisaged that approx. \$6.0M would be used to finance Canadian procurement and equipment supplied to IBRD supported Mahawali Ganga Irrigation and Land Settlement Scheme.
Colombia	Integrated Rural Development Program	13.50 loan (0/10/50) 0.50 grant		Loan to be administered by La Caisse de Cr�dit agricole industriel et minier (CAJA AGRARIA). Focusing on improving productivity on farms of 1 to 20 hectares in Dept. of Cordoba and Sincelejo in sugar. IDB & IBRD also are involved.
Honduras	Line of Credit	3.00 loan (0/10/50) 0.13 grant		For purchase of Cdn. equipment and advisory services in agricultural sector
Haiti	Line of Credit	5.00 grant (5 yr.)		For purchases in following sectors: agriculture and rural development, transport and public works, health and education. Each purchase under credit to be approved separately.
El Salvador	Line of Credit	1.50 loan (3 year)		For Canadian agricultural equipment - to assist CENTA (National Centre of Agric. Technology) in its programme of production and commercialization of improved crops.
Mali	Kaarta Integrated Rural Development Program	25.32 grant (5 year)		Program Goals: "to ensure adequate nourishment of the population by increasing production of food crops and meat, to stimulate the economy of the region and to mobilize the peasant workers."

Country	Project Title	Amount (\$ million) Cdn	DESCRIPTION
Zambia	Dev. Line of Credit	16.50 loan (1½ year)	Extension to existing 10M. line of credit for purchase of railway rolling stock
Jamaica	Dev. line of credit	10.00 loan (0/10/50)	Proposed that loan be continued with EDC monies in areas of "new forms of cooperation". Projects to concentrate on generating production opportunities in agricultural manufacturing sectors.
Pakistan	Dev. line of credit	5.00 loan (0/10/50)	For development projects in Province of Baluchistan
Lesotho	"Thasa Tseka" Mountain Dev. Prog. Phase I	6.00 grant (up to 4.20 untied)	provision of funding and technical assistance in conjunction with IBRD to increase productivity and incomes of project area farmers
Pakistan	Dev. line of Credit	10.00 loan (0/10/50)	Extension of existing L.O.C. designed to supply essential capital goods, spare parts and related services to Pakistan to enable it to maintain existing installations and better develop planned projects

ANNEX IV

COOPERATION WITH OTHER DONORS

Country	Project	Amount (\$ million Cdn)	Description
Afghanistan	Logar Airport	4.25 grant	Canadian grant part of tripartite arrangement (Cda/IBRD/Iran) with IBRD/Iran meeting capital costs and Canada providing technical assistance for design and construction supervision.
Colombia	Integrated Rural Development	13.50 loan 0.50 grant	Administered by CAJA AGRARIA - IDB & IBRD also involved in support of the program.
Africa Regional	East Central Atlantic Fisheries Development	0.98 grant (up to 65% untied)	FAO/CECAF project for development of coastal fisheries in 16 W. African countries
Ghana	Kpong Hydro-electric	35.00 loan	Cooperation with OPEC donors, IBRD, & FED
Indonesia	Strengthening of Animal Health Services	0.95 grant	take over of funding of UNDP/FAO project
Ethiopia	Water Resource Development	9.00 grant	includes support of water resource technical training project of UNICEF
Burma	Tin Exploration	0.52 grant	Parallel financing with UNDP/OTC
Asia Regional	South China Sea Program		joint UNDP/FAO funded
El Salvador	Rural Aqueducts	1.20 loan 0.92 grant	multi-bi cooperation on IBRD project included line of credit for purchase of Cdn equipment and grant for provision of technical assistance and quality control equipment.
Africa Regional	Univ. of Botswana & Swaziland	5.40 grant (2.50 local costs)	UBS supported by number of other bilateral donors: UK, EDF, Netherlands, US, Germany

Country	Project	Amount (\$ million Cdh)	Description
Ghana	Upper Region Water Supply	9.00 grant	Liaison with IBRD which has major integrated rural development project in same area, to ensure complementarity.
Cameroon	Modernization of Artisanal Fishing	5.66 loan 3.28 grant	UNDP/FAO involved in project preparation. IBRD to finance local costs
Lesotho	"Thaba Tseka" Mountain Development Program	6.00 grant (up to 4.20 initial)	Provision of funding and technical assistance in conjunction with IBRD to increase the productivity and incomes of project area farmers
Cameroon	Trans Cameroon Railway Phase I	7.00 loan 1.00 grant	Joint financing with France (FAC and CCCE) Germany, IBRD, EDF, BEI Canadian share is 17% of Phase I
Lesotho	Low cost construction techniques (Modular Systems (pty)Ltd.)	1.40 grant (50% untied)	also being supported by UNDP & US - AID
St. Lucia	Caribbean Investment Corp (CIC)	0.05 grant	Project analyst trainees. UNDP/UNITDO involvement as well in venture capital financing
Caribbean Regional	Caricom/UNDP Allied Health Personnel	0.15 grant	establishment of training centres. Canada is one of 8 donors
Lesotho	Aeromagnetic Survey	0.97 grant	to carry out and interpret an aeromagnetic survey in conjunction with the UNDP
Bangladesh	Tubewells	1.30 grant	for additional upper and lower well casings to joint IBRD/Canada/Sweden financed tubewell project in N.W.Bangladesh
Leeward & Windward Is.)	Mobile Veterinary health services unit	0.52 grant	provision of 2 vets and 2 lab technicians to a larger UNDP project. Other donors include PAHO/WHO and BDO.

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1977 Annual Aid Review



Memorandum of Canada to the
Development Assistance Committee
of the Organization for Economic
Cooperation and Development



Canadian International
Development Agency

Agence canadienne de
développement international

Prepared by the Policy Branch,
Canadian International Development Agency,
Ottawa

April 1979

MEMORANDUM OF CANADA
TO THE
DEVELOPMENT ASSISTANCE COMMITTEE
OF THE
ORGANIZATION FOR ECONOMIC
COOPERATION AND DEVELOPMENT

ANNUAL AID REVIEW 1977

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I. INTRODUCTION

1. The basic policy document governing Canada's program of cooperation with the developing countries remains the "Strategy for International Development Cooperation, 1975-1980". Adopted in the fall of 1975, the Strategy represented, in several respects, a significant departure from then prevailing policies. As such, movement in the direction of some of the policies outlined in the Strategy has taken place at a more rapid pace than for other, often more fundamental, reorientations.
2. The year under review marked the second full year in the implementation of the Strategy and was characterized by a combination of adverse Canadian economic circumstances. There was a worsening in the unemployment rate, a slackening in real growth, continuing inflation and growing balance of payments difficulties. These developments not only provided a poor climate for the adoption of "non-aid" measures in favour of the developing countries, they also brought about increased pressures for domestic employment generation initiatives and further restraint on the growth of public expenditure.
3. Despite the generally unfavourable economic conditions, resource flows from Canada to the developing countries demonstrated a marked increase over 1976. Official Development Assistance (ODA) flows, in particular, increased considerably in 1977 giving rise to a substantial increase in Canada's ODA/GNP ratio. At the same time, there was evidence of a re-distribution of ODA disbursements and commitments both in terms of channels and of recipients.
4. The year 1977 witnessed an increase in the share of total ODA directed to multilateral organizations and a greater reliance on international agencies for the distribution of Canadian food aid. The proportionate increase in multilateral funding also contributed to increasing the untied component of Canadian development assistance.
5. On the bilateral side, the Strategy's call for priority to the poorest developing countries was reflected in substantially increased commitments to the "least developed" (LLDC) and "most severely affected" (MSA) countries. Canadian bilateral aid flows in 1977 continued to be extended at highly concessional terms reflecting both an increase in the average grant element of loan commitments and the implementation of the Government's decision, announced at the Conference on International Economic Cooperation (CIEC), to adopt an all grant program for the least developed countries.

6. Consistent with the Strategy's expressed intent to diversify the channels for resource transfers and to foster a greater involvement of the Canadian community in international development, 1977 also saw further growth in CIDA's "Non-Governmental Organizations" (NGO) program. Official support for the worldwide initiatives of Canadian and international NGOs increased both in terms of the number of projects approved and the value of matching grant contributions.

II. THE FLOW OF FINANCIAL RESOURCES

7. In 1977, the net flow of financial resources from Canada to the developing countries declined from the 1976 level of U.S. \$2,512.2 million to U.S. \$2,415.9 million.* On a disbursements basis, net increases in both official development assistance (ODA) and other official flows were offset by a relatively sharp decline in private flows and a modest reduction in grants from voluntary agencies. Total net flows in 1977 represented 1.22 per cent of GNP compared to 1.29 per cent in 1976.

1. OFFICIAL DEVELOPMENT ASSISTANCE

(a) Volume

(i) Recent Evolution

8. ODA disbursements in 1977 increased by 11.8 per cent over the previous year to U.S. \$991.5 million. As a result, Canada's ODA/GNP ratio moved from 0.46 per cent in 1976 to 0.50 per cent in 1977.

9. Bilateral disbursements comprised 47.9 per cent of total ODA compared with 59.6 per cent in the previous year. This decline was compensated by a substantial increase in Multilateral disbursements - from 40.4 per cent to 52.1 per cent, largely on account of "new capital subscriptions". Bilateral commitments rose from U.S. \$688.0 million in 1976 to U.S. \$892.4 million in 1977, reflecting an increase in both the grant and loan components. On the other hand, there was a decline in Multilateral commitments - from U.S. \$501.1 million to U.S. \$422.7 million - as the accelerated payments to certain international financial institutions had already taken place in the previous year.

* The resource flow data should be interpreted with a degree of caution in view of the reversal in the exchange rate position of the Canadian dollar with respect to the U.S. dollar between 1976 and 1977. In this review, exchange rates used are: 1977 1 U.S. \$ = 1.0634 C\$, 1976 1 U.S. \$ = .9861 C\$. Thus, the noted decline in netflow, in terms of U.S. dollars, actually represents an increase in terms of Canadian dollars - from \$2,477.3 million to \$2,569.07 million.

10. As indicated above (and in Table I), the higher volume of ODA disbursements in 1977 resulted from additional multilateral grants and certain capital subscriptions to international agencies.

(ii) ODA Prospects

11. In the last ten years, Canada's ODA disbursements grew from 0.29 per cent of revised GNP in 1968 to the high point of 0.54 per cent in 1975; after a fall to 0.46 per cent in 1976, the ratio recovered to 0.50 per cent in 1977.

12. Table II gives the actual disbursement figures for fiscal years 1976-1977 and 1977-1978 and estimates for 1978-79. These data show a growth of 8.5 per cent in 1977-78 over the previous year and an estimated growth of 14.6 per cent in 1978-79 over 1977-78. The Government's program of restraint on the growth of public expenditure, however, will undoubtedly have some effect on the short-term growth in aid appropriations.*

(b) Terms and Conditions

(i) Financial Terms

13. The average grant element of total ODA commitments increased slightly - from 97.3 per cent in 1976 to 97.5 per cent in 1977. While the proportion of total commitments represented by loans increased in 1977, this increase was more than offset by a relative softening in loan terms. That is, the average grant element of loan commitments increased from 85.9 per cent in 1976 to 89.0 per cent in 1977 (Table III).

14. The majority of ODA loans continued to be extended at Canada's soft loan terms of 0 per cent interest, 10 years grace and 50 years maturity. The harder loan terms (3 per cent interest, 7 years grace and 30 years maturity) are generally restricted to middle-income developing countries. In 1977, such loans were extended to only three countries: Malaysia, Brazil and Colombia.

15. As part of the "Special Action Program" emanating from the Conference on International Economic Co-operation (CIEC), Canada agreed to convert all outstanding loans to the least developed countries, and to adopt an all-grant program for these countries for the future. Since parliamentary

* In August of 1978 the Government announced a C\$ 2 billion program of cuts in government expenditure forecasts for the 1979/80 fiscal year. For the aid program, the Government decided to freeze ODA at its 1978/79 level.

TABLE I
Comparison of Net Flows of Canadian Financial Resources
to Developing Countries
(\$ US Million)

	<u>Disbursements</u>		<u>Commitments</u>	
	<u>1976</u>	<u>1977</u>	<u>1976</u>	<u>1977</u>
1) <u>Official Development Assistance</u>	886.55	991.53	1,189.12	1,315.10
A. Bilateral Total	528.71	475.40	688.04	892.37
a) Grants	332.01	290.62	461.43	593.43
Projects and Program Aid	102.45	111.25	188.89	318.66
Technical Assistance	66.34	57.15	68.39	58.00
Food Aid	128.82	92.47	172.00	188.49
Emergency Relief	1.66	3.80	2.03	3.94
Debt Forgiveness	1.15	-	N.A.	N.A.
Debt Relief	1.47	1.61	N.A.	N.A.
IDRC*	30.12	24.34	30.12	24.34
b) Development Loans	196.70	184.78	226.61	298.94
B. Multilateral Total	357.84	516.13	501.08	422.73
a) Grants	141.25	197.75	192.03	193.42
b) Loans	1.29	3.93	2.60	-
c) Capital Subscriptions	91.72	267.92	238.89	183.31
d) Contributions to Special Funds of Development Banks	123.58	46.53	67.56	56.00
2) <u>Other Official Flows</u>	338.00	364.34	566.90	674.39
A. Official Export Credits	332.70	368.50	557.50	668.42
B. Refinancing Loans	2.30	1.94	9.40	5.97
C. Transactions with Multilateral Agencies Assets	-	-6.10		
3) <u>Private Flows</u>	1,184.67	957.06		
4) <u>Voluntary Agencies</u>	106.00	103.00		
TOTAL FLOWS	2,512.22	2,415.93	1,756.02	1,989.49

% of GNP ^{1/}

Total Flows	1.29	1.22
ODA	.46	.50

^{1/} GNP 1976 = 194,191
1977 = 197,604

*Starting in 1977, Payments to IDRC are made quarterly instead of annually.

TABLE II
Official Development Assistance Disbursements
(\$ Canadian Million)

	<u>1976/77</u>	<u>1977/78</u>	<u>1978/79**</u> (Estimates) (Gross)
<u>Bilateral</u>			
Grants	137.6	419.0*	267.5
Loans	180.7	-16.1*	246.0
Total	318.3	402.9	513.5
<u>Multilateral</u>			
Grants	76.6	105.2	99.9
Loans	69.3	54.2	77.2
Advances	196.7	178.0	182.9
Total	342.6	337.4	360.0
<u>Food Aid</u>			
Bilateral	147.5	138.4	135.0
Multilateral	89.1	91.9	93.5
Others	0.9	1.7	1.5
Total	237.5	232.0	230.0
<u>Miscellaneous</u>			
NGO's	38.1	44.3	62.1
IDRC	29.7	34.5	36.9
Others	6.3	4.4	7.5
Total	74.1	83.2	106.5
Total <u>Gross</u> ODA	972.5	1,055.5	1,210.0

* Includes cancellation of LLDC's Debt.

** As per Main Estimates approved by Parliament, June 30, 1978.

Table IIIFinancial Terms of Official Development Assistance 1977

		<u>Commitments</u> <u>(\$ US Million)</u>	<u>% of</u> <u>Program</u>	<u>Average</u> <u>Grant Element(%)</u>		
Grants and Advances		1,016.16	77.3)	97.5		
Development Loans		298.94	22.7)			
Total		1,315.10	100.0			

<u>No. of loans</u>	<u>Maturity</u> <u>(Years)</u>	<u>Grace</u> <u>Period</u> <u>(Years)</u>	<u>Interest</u> <u>Rate</u> <u>(%)</u>	<u>Amount</u> <u>(\$ US M)</u>	<u>Grant</u> <u>Element</u> <u>(%)</u>	<u>Average</u> <u>Grant Element(%)</u>
29	50	10	0	287.66	90.34)	89.0
3	30	7	3	11.28	55.20)	

approval for the debt cancellation was not granted until early 1978, this initiative is not reflected in Canada's response to the 1977 Statistical Questionnaire for DAC. The policy to provide assistance to the least developed countries on a strictly grant basis, however, came into effect at the time of our commitment at CIEC in June 1977.

(ii) Tying Practices and Procurement Regulations

16. The existing untying authority provides for the untying of all multilateral assistance, transportation costs, and up to 20 per cent of bilateral assistance. As the untying authority refers to the bilateral program as a whole, not to individual projects, there is a considerable degree of flexibility in its application. Where circumstances warrant, bilateral development assistance projects can be up to 100 per cent untied. Although the basic authority remained unchanged during 1977, the untied portion of Canada's total ODA program increased owing to an increase in the amount of funds channelled through multilateral agencies.

(c) Local Cost Financing

17. ODA commitments for local costs are governed by the general 20 per cent untying authority and tend to account for the greatest share of commitments under that authority. Pursuant to the DAC "Guidelines on Local Cost Financing" adopted at the 1977 High-Level Meeting, CIDA has developed a set of general policy guidelines on the provision of local cost resources. These guidelines call for local cost requirements to be reviewed on a case-by-case basis, taking into account, inter alia, the recipient's demonstrated commitment to the project and efforts to mobilize domestic resources, the capacity of domestic capital markets, and any specific needs of the sector to which the project in question belongs.

(d) Geographic Allocation of Bilateral ODA

18. In keeping with the 1975-80 Strategy and the Government's directive, Canada's bilateral assistance program continued to concentrate on a limited number of countries (especially the poorest), so as to maximize the impact of Canadian resource transfers. For programming purposes, the distinction between "program" and "project" countries is thus retained. "Program" countries/units are countries or groups of countries where the intent is to systematically develop and implement projects and programs on a sustained basis, within an annually reviewed five-year "Indicative Planning Figure" (IPF). In contrast, "project" countries are not assigned IPFs; rather, they are dealt with on a project-by-project basis, and the level of disbursements may vary widely depending on the disbursement patterns of approved projects.

19. In 1977-78, there were 27 "program" countries/units. The distribution of the 1978-83 IPFs (excluding food aid projects) approved in 1977-78 for such countries/units was as follows: countries with per capita GNP of \$200 and under: 73.6 per cent; those with per capita GNP in the \$200-\$375 range: 12.1 per cent; and countries with per capita GNP of \$375 and over: 14.3 per cent. (To maintain consistency with the Strategy, these country groupings are based on 1973 World Bank data).

20. While a large number of countries continued to receive Canadian bilateral aid funds (bilateral development assistance in the form of project and program aid or Mission-Administered Funds was extended to 88 countries in 1977), thirty-four received C\$ 1,000,000 or less and there was a continued concentration of disbursements among a relatively small number of countries. In 1977, eleven countries received 50 per cent of total bilateral disbursements as compared to 10 countries accounting for the same amount in the previous year.

21. Table IV shows the geographic distribution of bilateral commitments and disbursements in 1976 and 1977.* On a disbursements basis, Asia continued to represent the major component of the bilateral program with 48.5 per cent of geographically allocable net bilateral disbursements in 1977 going to Canadian assistance recipients in that area. Relative to 1976, Asia and Latin America were the only areas to register an increase in their share of the bilateral program. For each of Commonwealth Africa, Francophone Africa and the Caribbean, 1977 disbursements constituted a smaller share of total disbursements than had been the case in 1976. On a commitments basis, the picture is quite different. Here again the Asian program represents the major component with 38 per cent of net bilateral ODA commitments. When compared to the previous year, however, it is evident that the proportion of commitments in favour of Asian countries has diminished as has that of every area with the exception of Commonwealth Africa.

22. The 1975-80 Strategy established that up to 10 per cent of bilateral assistance would be allocated to developing countries with per capita incomes of \$375 or over (in 1973 dollars). In 1977, about 21.9 per cent of bilateral disbursements went to countries in this category. While this represented a major increase from the 11.8 per cent figure in 1976, it must be noted that a large portion of these disbursements stemmed from projects committed prior to the adoption of the Strategy. In terms of commitments, the share of total bilateral ODA directed to the more advanced developing countries declined to 19.8 per cent in 1977 from 26.2 per cent in 1976.

* A note of caution is in order here, since ODA disbursements and commitments are a function of a number of factors (e.g., the planning 'pipeline', transfer mechanisms, sectoral concentration), apparent trends and patterns cannot necessarily be interpreted as being indicative of current policy directions.

TABLE IV
Bilateral Commitments and Disbursements by Area
(\$ US Million)

	<u>Commitments</u>		<u>Disbursements</u>	
	<u>1976</u>	<u>1977</u>	<u>1976</u>	<u>1977</u>
<u>ASIA</u>				
Grants	30.53	51.67	30.75	33.92
Food Aid	135.28	176.20	97.01	68.72
Loans	<u>85.21</u>	<u>82.94</u>	<u>66.74</u>	<u>96.01</u>
Total	251.02	310.81	194.50	198.65
<u>COMMONWEALTH AFRICA</u>				
Grants	37.96	131.45	31.11	32.15
Food Aid	23.83	15.74	24.62	7.86
Loans	<u>18.75</u>	<u>95.55</u>	<u>54.25</u>	<u>38.24</u>
Total	80.54	242.74	109.98	78.25
<u>COMMONWEALTH CARIBBEAN</u>				
Grants	25.47	8.92	11.74	9.54
Food Aid	1.93	10.52	.83	.66
Loans	<u>19.84</u>	<u>.51</u>	<u>9.00</u>	<u>7.99</u>
Total	47.24	19.95	21.57	18.19
<u>FRANCOPHONE AFRICA</u>				
Grants	78.29	99.29	42.25	45.44
Food Aid	8.86	13.42	4.39	4.07
Loans	<u>84.25</u>	<u>65.08</u>	<u>53.21</u>	<u>31.34</u>
Total	171.40	177.79	99.85	80.85
<u>LATIN AMERICA</u>				
Grants	42.60	40.39	16.70	19.12
Food Aid	1.09	2.60	1.75	2.96
Loans	<u>18.56</u>	<u>23.97</u>	<u>13.50</u>	<u>11.24</u>
Total	62.25	66.96	31.95	33.32
IDRC	30.12	24.34	30.12	24.34
NGO	38.13	37.35	33.54	33.44
IER	2.03	3.94	1.66	3.80
Others	<u>5.31</u>	<u>8.49</u>	<u>5.54</u>	<u>4.56</u>
TOTAL	688.04	892.37	528.71	475.40

23. In 1977, "Least Developed Countries" accounted for 27.3 per cent of total net bilateral ODA disbursements - a slight decline from 28.4 per cent in 1976 (Table VI). There was, however, a substantial increase in their share of total net bilateral ODA commitments - from 22.4 per cent in 1976 to 40.9 per cent in 1977 (Table V). In contrast, there was a marked increase in the percentage of both bilateral commitments and disbursements going to countries designated by the United Nations as MSAs - commitments from 63.2 per cent to 73.6 per cent, and disbursements from 66.7 per cent to 69.4 per cent - between these two years - Tables VII and VIII. (The overall percentage distribution adds to more than 100.0 as certain countries appear in all three categories.)

(e) Composition

(i) New Developments and Policies

24. The composition of the Canadian bilateral program continues to be governed by the general guidelines set out in Canada's "Strategy for International Development Cooperation, 1975-1980". While recognizing the traditional role of project aid, for example, the Strategy identifies the requirement for more liquid forms of resource transfers as a means of addressing the pressing needs of the recipient countries while, at the same time, limiting the administrative involvement of CIDA. Technical assistance remains an important component of Canada's bilateral disbursements (see Table I). Where food aid is a logical component of a Canadian aid program in a given country and/or is provided in the context of emergency relief, Canada will continue to provide such aid through bilateral channels. The Strategy does, however, indicate an intent to rely more extensively in multilateral organizations for food aid transfers since their overview of the world's food needs assures a rational and efficient allocation of this resource. This intent is reflected in a relative decline in the proportion of the bilateral disbursements represented by food aid (i.e., from 24.4 per cent in 1976 to 19.5 per cent in 1977).

(ii) Technical Assistance

(a) Recruitment and Selection of Cooperants

25. During 1977, over 1,000 cooperants participated in technical assistance projects under CIDA's bilateral programs. As of 1 January 1978, there was 892 Canadian cooperants overseas, either on direct contract or secondment to CIDA, or under contract to Canadian public and private institutions which had been selected to implement approved projects. As noted in last year's memorandum, the practice of using "contracting organizations" to implement technical assistance projects has become more widespread in recent years. An analysis carried out early in 1978 found that 54 per cent of the cooperants overseas were hired by Canadian institutions acting as contracting organizations.

TABLE V
Canadian Net Official Development Assistance
to Least Developed Countries
(\$ US Million)

	Commitments					
	1976			1977		
	Grants	Loans	Total	Grants	Loans	Total
<u>Africa</u>						
Benin	4.67	2.23	6.90	.89		..89
Botswana ^{1/}	1.87		1.87	3.79		3.79
Burundi	.11		.11	.03		.03
Central Afr. Emp.	.12		.12	.08		.08
Chad	.16		.16	4.11		4.11
Ethiopia	9.49		9.49	.21		.21
Gambia	.01		.01	3.19		3.19
Guinea	1.37		1.37	.01		.01
Lesotho ^{1/}	1.48		1.48	16.05		16.05
Malawi	1.11		1.11	3.92	32.92	36.84
Mali	16.80		16.80	15.61		15.61
Niger	5.87	3.04	8.91	14.36		14.36
Rwanda	6.77		6.77	7.75		7.75
Somalia	4.56		4.56	.22		.22
Sudan	.03		.03	1.03		1.03
Tanzania ^{2/}	7.54	10.48	18.02	92.44		92.44
Uganda ^{2/}	.65		.65	.39		.39
Upper Volta	1.58	2.70	4.28	19.10		19.10
TOTAL	64.19	18.45	82.64	183.18	32.92	216.10
<u>Asia</u>						
Afghanistan	6.31		6.31	11.09		11.09
Bangladesh	39.76		39.76	74.44		74.44
Laos	.14		.14	x		x
Nepal	.50		.50	14.92		14.92
TOTAL	46.71		46.71	100.45		100.45
<u>Latin America</u>						
Haiti	8.43		8.43	18.82		18.82
Total LLDC's	119.33	18.45	137.78	302.45	32.92	335.37
% of net Bilateral ODA	30.7%	8.1%	22.4%	58.0%	11.0%	40.9%
Net Bilateral ODA^{3/}	388.83	226.61	615.44	521.73	298.94	820.67

Countries not aided: Bhutan, Maldives, Sikkim, Western Samos, Yemen, Yemen Dem.

^{1/} Includes one-third disbursements to the University of Botswana, Lesotho and Swaziland.

^{2/} Includes one-third disbursements to the East African Community Services Organizations.

^{3/} Excludes the contributions to Non-Governmental Organizations, International Development Research Centre, International Emergency Relief and Scholarships.

TABLE VI
Canadian Net Official Development Assistance
to Least Developed Countries

	(\$ US Million)					
	Disbursements					
	1976			1977		
	Grants	Loans	Total	Grants	Loans	Total
<u>Africa</u>						
Benin	1.49	4.01	5.50	1.74	1.32	3.06
Botswana ^{1/}	1.31	1.07	2.38	1.80	.54	2.34
Burundi	.08		.08	.05		.05
Central Afr. Emp.	.09		.09	.07		.07
Chad	.18		.18	3.88		3.88
Ethiopia	.33		.33	.43		.43
Gambia	x		x	1.96		1.96
Guinea ^{1/}	.73		.73	.10		.10
Lesotho ^{1/}	4.07		4.07	5.17		5.17
Malawi	1.19	9.20	10.39	1.08	13.67	14.75
Mali	2.05	.07	2.12	3.21	.43	3.64
Niger	7.58	6.12	13.70	3.21	-.42	2.79
Rwanda	6.62		6.62	6.60		6.60
Somalia	3.92		3.92	.18		.18
Sudan	x		x	.25		.25
Tanzania ^{2/}	7.60	15.99	23.59	7.51	2.87	10.38
Uganda ^{2/}	.75	3.04	3.79	.49	.71	1.20
Upper Volta	1.21	.83	2.04	1.05	.19	1.24
TOTAL	39.20	40.33	79.53	38.78	19.31	58.09
<u>Asia</u>						
Afghanistan	.38		.38	.34		.34
Bangladesh	47.94	-.98	46.96	42.14		42.14
Laos	.13		.13	.03	2.35	2.38
Nepal	.34		.34	1.95		1.95
TOTAL	48.79	-.98	47.81	44.46	2.35	46.81
<u>Latin America</u>						
Haiti	3.54		3.54	4.72		4.72
TOTAL LLDC's	91.53	39.35	130.88	87.96	21.66	109.62
% of net Bilateral ODA	34.6%	20.0%	28.4%	40.5%	11.7%	27.3%
Net Bilateral ODA ^{3/}	264.37	196.70	461.07	217.17	184.78	401.95

Countries not aided: Bhutan, Maldives, Sikkim, Western Samoa, Yemen, Yemen Dem.

^{1/} Includes one-third disbursements to the University of Botswana, Lesotho and Swaziland.

^{2/} Includes one-third disbursements to the East African Community Services Organizations.

^{3/} Excludes the contributions to Non-Governmental Organizations, International Development Research Centre, International Emergency Relief and Scholarships.

TABLE VII
Canadian Net Official Development Assistance
to Most Severely Affected Countries
(\$ US Million)

	Commitments					
	1976			1977		
	Grants	Loans	Total	Grants	Loans	Total
<u>Africa</u>						
Benin	4.67	2.23	6.90	.89		.89
Burundi	.11		.11	.03		.03
Cameroon	2.75	29.41	32.16	1.30	5.34	6.64
Cape Verde	1.01		1.01	.96		.96
Central African Empire	.12		.12	.08		.08
Chad	.16		.16	4.11		4.11
Egypt	10.17		10.17	6.68		6.68
Ethiopia	9.49		9.49	.21		.21
Gambia	.01		.01	3.19		3.19
Ghana	6.35	5.07	11.42	6.82	32.91	39.73
Guinea	1.37		1.37	.01		.01
Ivory Coast	5.46	3.34	8.80	1.67	26.42	28.09
Kenya ^{1/}	4.94	1.98	6.92	4.06	1.03	5.09
Lesotho ^{2/}	1.48		1.48	16.05		16.05
Madagascar	.46		.46	.85		.85
Mali	16.80		16.80	15.61		15.61
Mauritania	3.14		3.14	6.94		6.94
Mozambique	3.18		3.18	2.15		2.15
Niger	5.87	3.04	8.91	14.36		14.36
Rwanda	6.77		6.77	7.75		7.75
Senegal	20.47		20.47	6.38	5.26	11.64
Sierra Leone	.04		.04	.71		.71
Somalia	4.56		4.56	.22		.22
Sudan	.03		.03	1.03		1.03
Tanzania ^{1/}	7.54	10.48	18.02	92.44		92.44
Uganda ^{1/}	.65		.65	.39		.39
Upper Volta	1.58	2.70	4.28	19.10		19.10
TOTAL	119.18	58.25	177.43	213.99	70.96	284.95
<u>Asia</u>						
Afghanistan	6.31		6.31	11.09		11.09
Bangladesh	39.76		39.76	74.44		74.44
Burma	6.23	8.52	14.75	2.96	30.89	33.85
India	69.03	10.14	79.17	32.25		32.25
Kampuchea	.01		.01	-.01		-.01
Laos	.14		.14	x		x
Nepal	.50		.50	14.92		14.92
Pakistan	18.28	12.88	31.16	13.73	65.83	79.56
Sri Lanka	9.90	10.57	20.47	19.14	9.40	28.54
TOTAL	150.16	42.11	192.27	168.52	106.12	274.64
<u>Latin America</u>						
El Salvador	.44		.44	1.16		1.16
Guatemala	8.01	.51	8.52	.45	3.29	3.74
Guyana	.71	.17	.88	1.76	.51	2.27
Haiti	8.43		8.43	18.82		18.82
Honduras	.88		.88	6.77	11.28	18.05
TOTAL	18.47	.68	19.15	28.96	15.08	44.04
Total MSA Countries	287.81	101.04	388.85	411.47	192.16	603.63
% of Net Bilateral ODA	74.0	44.6	63.2	78.9	64.3	73.6
Bilateral ODA ^{3/}	388.83	226.61	615.44	521.73	298.94	820.67

Countries not aided: Guinea-Bissau, Western Samoa, Yemen and Yemen Dem.

^{1/} Includes one-third disbursements to the East African Community Services Organizations.

^{2/} Includes one-third disbursements to the University of Botswana, Lesotho and Swaziland.

^{3/} Excludes the contributions to IDRC, NGO's, IER and Scholarships.

TABLE VIII
Canadian Net Official Development Assistance
to Most Severely Affected Countries
(\$ US Million)

	Disbursements					
	1976			1977		
	Grants	Loans	Total	Grants	Loans	Total
<u>Africa</u>						
Benin	1.49	4.01	5.50	1.74	1.32	3.06
Burundi	.08		.08	.05		.05
Cameroon	2.69	7.07	9.76	1.78	6.93	8.71
Cape Verde	-		-	.87		.87
Central African Empire	.09		.09	.07		.07
Chad	.18		.18	3.88		3.88
Egypt	9.89		9.89	3.80		3.80
Ethiopia	.33		.33	.43		.43
Gambia	x		x	1.96		1.96
Ghana	8.91	3.30	12.21	6.38	7.09	13.47
Guinea	.73		.73	.10		.10
Ivory Coast	3.21	2.27	5.48	3.55	2.94	6.49
Kenya ^{1/}	4.77	8.66	13.43	4.95	3.36	8.31
Lesotho ^{2/}	4.07		4.07	5.17		5.17
Madagascar	.67		.67	1.45	.02	1.47
Mali	2.05	.07	2.12	3.21	.43	3.64
Mauritania	2.19		2.19	2.56	3.20	5.76
Mozambique	2.80		2.80	.05		.05
Niger	7.58	6.12	13.70	3.21	-.42	2.79
Rwanda	6.62		6.62	6.60		6.60
Senegal	3.63	2.55	6.18	4.32	2.07	6.39
Sierra Leone	.07		.07	.01		.01
Somalia	3.92		3.92	.18		.18
Sudan	x		x	.25		.25
Tanzania ^{1/}	7.60	15.99	23.59	7.51	2.87	10.38
Uganda ^{1/}	.75	3.04	3.79	.49	.71	1.20
Upper Volta	1.21	.83	2.04	1.05	.19	1.24
TOTAL	75.53	53.91	129.44	65.62	30.71	96.33
<u>Asia</u>						
Afghanistan	.38		.38	.34		.34
Bangladesh	47.94	-.98	46.96	42.14		42.14
Burma	1.26	.49	1.75	1.42	4.76	6.18
India	48.20	18.72	66.92	17.61	19.15	36.76
Kampuchea	.01		.01	-.02		-.02
Laos	.13		.13	.03	2.35	2.38
Nepal	.34		.34	1.95		1.95
Pakistan	7.05	28.67	35.72	11.89	55.64	67.53
Sri Lanka	6.06	7.00	13.06	10.72	5.49	16.21
TOTAL	111.37	53.90	165.27	86.08	87.39	173.47
<u>Latin America</u>						
El Salvador	1.31	-.17	1.14	.45	-.16	.29
Guatemala	3.79	.51	4.30	1.54		1.54
Guyana	.64	1.79	2.43	.62	.77	1.39
Haiti	3.54		3.54	4.72		4.72
Honduras	1.28		1.28	.46	.58	1.04
TOTAL	10.56	2.13	12.69	7.79	1.19	8.98
Total MSA Countries	197.46	109.94	307.40	159.49	119.29	278.78
% of Net Bilateral ODA	74.7%	55.9%	66.7%	73.4%	64.6%	69.4%
Bilateral ODA ^{3/}	264.37	196.70	461.07	217.17	184.78	401.95

Countries not aided: Guinea-Bissau, Western Samoa, Yemen and Yemen Dem.

^{1/} Includes one-third disbursements to the East African Community Services Organizations.

^{2/} Includes one-third disbursements to the University of Botswana, Lesotho and Swaziland.

^{3/} Excludes the contributions to IDRC, NGO's, IER and Scholarships.

26. On a sectoral basis, the education and renewable resource sectors continued in 1977 to represent the greatest concentrations of Canadian technical assistance resources accounting for 46 per cent and 22 per cent respectively of the 892 cooperants overseas on 1 January 1978. The power, transport and communications sector accounted for another 16 per cent of the cooperants in the field as of the first of January.

27. CIDA continued, in 1977, to expand its technical cooperation resource base among Canadian institutions in the public and private sectors. A significant development in this regard was the appointment of a CIDA Coordinator of Federal/Provincial Relations and the development of a series of meetings with provincial government officials. The CIDA roster of experts continues to be reviewed and updated on a sectoral basis with a view to achieving a consolidation of the overall number of entries, and, at the same time, a qualitative improvement in content.

(b) Preparation of Cooperants

28. In 1977, CIDA's Briefing Centre designed and implemented both regular and ad hoc Briefing Programs for cooperants and their families going overseas. The Briefing Centre staff also continued to conduct an extensive, multi-country field research program intended to isolate the variables having the greatest bearing on the successful adaptation of Canadian cooperants to local social and cultural conditions. One aspect of this research program is the development of a system to improve the effectiveness of cooperants through the identification of specific field needs.

(c) Third Country Training

29. CIDA continues to regard third country training as a technical cooperation mechanism which is often more relevant to the needs of the countries concerned, is consistent with a self-reliant approach to development and, in some cases, is more cost effective. The major fields in which CIDA supported third country trainees in 1977 were agriculture, administration and technology.

(d) In-Canada Training

30. During 1977, Canadian bilateral assistance provided for 373 new trainees to undertake training programs at various universities and colleges or with private, governmental and paragovernmental agencies.

31. A total of 1361 trainees followed programs in Canada in 1977, 926 of whom were still in Canada at the end of the year. One noteworthy trend in CIDA's in-Canada training is the relative increase in the number of trainees following practical rather than academic training programs. In 1976, for example, 15 per cent of total placements were for practical training; by 1977, this proportion had increased to 25 per cent.

32. Also during 1977, arrangements were made for 108 additional trainees to attend programs in Canada at the request of the UN and other Multilateral agencies. Taking into account trainees already on program at the beginning of 1977, a total of 156 trainees attended various courses during 1977. When compared to the bilateral trainees, the multilaterally-sponsored trainees demonstrate a strong practical bent. Fully 75 per cent of the multilateral trainees in Canada in 1977 were following practical training programs.

(iii) Multilateral

33. Largely as a result of pre-payments of capital subscriptions to IDA and to the Asian Development Bank, the share of total ODA represented by multilateral development assistance increased to 52.1 per cent in 1977. In 1976, multilateral assistance represented 40.4 per cent of total net ODA disbursements. Multilateral disbursements in 1977 totalled U.S. \$516.13 of which U.S. \$92.37 million was in the form of food aid channelled through the World Food Program (WFP), UNICEF and UNRWA.

34. The review of Canada's program of assistance to international financial institutions initiated in 1975/76 was extended in 1977 to include an evaluation of each of the principal financial institutions. The findings of this review supported the first phase evaluation conclusion that the largest portion of the increased resources available should be directed to those institutions serving mainly the lower income developing countries. To achieve the desired concentration, resource transfers to the International Development Association (IDA), the Asian Development Bank and the African Development Fund are being increased substantially. During 1977, Canada actively participated in the IDA V negotiations pledging U.S. \$447.9 million of the U.S. \$7.6 billion for the Fifth Replenishment. The composite value of Canada's final IDA IV instalment, first IDA V contribution and associated maintenance of value adjustments in 1977 was U.S. \$198.67 million. In addition, Canada contributed U.S. \$24.66 million to the Asian Development Bank's Fund for Special Operations and committed U.S. \$37.99 million over 1977/78 - 1980/81 for the paid-in portion of the Bank's Second General Capital Increase. Under a previous commitment, Canada also contributed U.S. \$16.71 million to the African Development Fund.

35. Canada's support for the Inter-American Development Bank (IDB) continued in 1977 with contributions of U.S. \$6.53 million. As well as participating in negotiations towards the replenishment of the Bank's ordinary capital and its Fund for Special Operations (FSO), Canada was actively engaged in preparations to host the Bank's Nineteenth Annual Meeting in Vancouver in April 1978.

TABLE IX
COMPARISON OF MULTILATERAL DISBURSEMENTS
 by Major Recipients
 (\$ US Million)

	<u>1976</u>	<u>1977</u>
<u>TOTAL MULTILATERAL</u>	357.84	516.13
<u>Advances</u>	<u>91.72</u>	<u>267.92</u>
of which		
IBRD	-	21.16
IDA	73.90	198.67
IFC	-	3.57
As. D.B.	11.38	37.99
IDB	6.44	6.53
<u>Loans</u>	<u>124.87</u>	<u>50.46</u>
of which		
Af. D.F.	16.68	16.71
As. D.B.	50.35	24.66
Car. D.B.	6.91	5.25
IBRD	20.29	-
IMF	10.95	-
IDB	18.40	-0.09
Others	1.29	3.93
<u>Grants</u>	<u>141.25</u>	<u>197.75</u>
of which		
WFP *	57.55	91.91
UNDP	29.41	34.79
UNRWA	3.60	1.82
UNICEF	6.42	8.13
UNFPA	5.08	6.58
IFAD	-	10.34
IPPF	2.78	3.06
CFTU	2.75	8.32
Others	33.66	32.80

* Canada's pledge to the WFP remained the same in 1976/77 and 1977/78; the apparent increase reflects differences in timing of payments during the fiscal year.

36. In addition to the funding program for the global and regional financial institutions, Canada maintains an active program of support for the activities of the United Nations, the Commonwealth, L'Agence de Coopération Culturelle et Technique and the International Agricultural Research Centres grouped under the umbrella of the Consultative Group on International Agricultural Research (CGIAR).

37. Canada continues to support strongly the central institutional funding role of the UNDP for technical assistance within the United Nations system, as evidenced by the increase in amounts allocated to general funds (UNDP and UNICEF). However, there has been a gradual decline in proportional terms, reflecting a trend towards more specialized sectoral programmes and regionally focussed institutions whose needs cannot be readily accommodated by the UNDP country programming system (e.g., CGIAR, IFAD, Commonwealth, etc.).

38. Canada's support for multilateral institutions engaged in renewable natural resource development continued in 1977. In addition to an initial contribution of U.S. \$10.34 million to the International Fund for Agricultural Development (IFAD), there were continued increases in funding for the International Agricultural Research Centres of the CGIAR.

39. Programs relating to Canada's special links to the Commonwealth and Francophone communities demonstrated considerable growth in 1977. During this year, Canada made its first grant to the Programme Special de Développement (PSD) of L'Agence de Coopération Culturelle et Technique. Canada's objective is that the PSD will eventually fill the rapid, flexible and innovative role for technical assistance to Francophone countries that the Commonwealth Fund for Technical Cooperation already exercises for the Commonwealth. As a result of increases in these programs, the total grants delivered through Commonwealth and Francophone mechanisms increased by over 50 per cent in 1977.

40. In keeping with Canada's commitment at the 1974 World Food Conference in Rome to increase the proportion of total Canadian food aid distributed through multilateral channels, multilateral food aid disbursements in 1977 amounted to U.S. \$92.47 million. Of this amount, U.S. \$91.91 million was directed to the World Food Program in accord with both regular and supplementary pledges. Multilateral food aid accounted for approximately 50% of total Canadian food aid transfers in 1977.

2. OTHER FORMS OF FINANCIAL COOPERATION WITH DEVELOPING COUNTRIES

(a) Other Official Flows

41. Net disbursements to developing countries under official export credits extended by the Export Development Corporation amounted to U.S. \$369 million in 1977 compared with U.S. \$333 million in 1976. In addition, U.S. \$2 million of notes due to EDC in 1977 were re-financed. Commitments of official export credits in favour of developing countries increased considerably - from U.S. \$558 million in 1976 to U.S. \$668 million in 1977 (see Table I).

42. Looking at the geographic distribution of export credit disbursements to developing countries in 1977, Caribbean and Central American countries represented the greatest share of the credits extended (34.8 per cent). Developing countries in Asia accounted for 28 per cent of LDC export credits, Africa and South America for approximately 18 per cent each and the Middle East for 3 per cent (see Table X).

43. Transactions with multilateral agencies yielded a net inflow of U.S. \$6 million as purchases of U.S. \$17 million in newly issued securities failed to offset inflows to U.S. \$23 million associated with maturing IBRD bonds.

(b) Co-financing Arrangements Involving Non-Concessional Resources

44. The 1975-1980 Strategy noted that "CIDA will continue and where appropriate increase its cooperation with the Export Development Corporation". Although CIDA did not enter into any co-financing arrangements with the EDC in 1977, the Agency has in the past participated in parallel financing agreements with EDC and, in some cases, in conjunction with Canadian commercial banks. As noted in Canada's 1976 memorandum, this form of co-financing is considered normally to relate to middle-income countries of demonstrated creditworthiness and economic relations reflecting a diminishing dependence on concessional finance.

(c) Access to Capital Markets

45. There are no federal laws, regulations or guidelines that limit non-residents borrowing funds in Canada. The issuance of securities on public markets in Canada falls under provincial jurisdiction and provinces have securities regulations to which most borrowers must adhere. Canada has participated in the Working Group on Access to Capital Markets which was established by the IMF/IBRD Development Committee. On behalf of the Caribbean members of our constituency, Canada has supported the investigation of measures to improve market access. We have indicated, however, that we would not support measures which would distort access to the international capital markets, or dilute the financial base of the development banks.

TABLE X
OFFICIAL EXPORT CREDITS TO DEVELOPING COUNTRIES

(including refinancing of Export Credits)

(\$ US Million)

	<u>Commitments</u>		<u>Net Disbursements</u>	
	<u>1976</u>	<u>1977</u>	<u>1976</u>	<u>1977</u>
Europe	6.10	176.38	24.50	-4.42
Middle East	-	102.60	29.50	12.21
Asia	237.90	45.31	46.90	102.33
Africa	146.80	168.54	69.60	65.12
South America	83.20	73.62	67.00	66.34
Caribbean & Central America	92.90	107.94	97.50	128.86
TOTAL	566.90	674.39	335.00	370.44

(d) Debt Relief

46. Canada recognizes that some developing countries have experienced severe balance of payments problems which are exacerbated, in part, by their relatively high debt service payments. As a result, Canada has stated that it would consider reorganization of official and officially guaranteed debt on a case-by-case basis within the broader context of balance of payments. At CIEC, Canada announced a change in aid policy oriented towards an all grant program with respect to LLDCs. Accordingly, all past ODA loans to LLDCs were converted retroactively to grants in the fiscal year 1977/78.

47. Canada does not believe that debt relief is a normal aid transfer mechanism for developing countries and maintains that each debt reorganization must be handled on an individual basis. With respect to commercial debt, in particular, Canada feels that at a certain stage of development each developing country will require substantial amounts of official, officially guaranteed or private commercial financing and that attempts to retroactively change the very nature of such financing will eventually bring about a drying up of financial resources. Moreover, if rescheduling of commercial debt was to become the norm, lenders would become extremely selective and some countries at the threshold of economic take-off but still facing potential difficulty would experience problems in obtaining the requisite commercial financing.

48. During the fiscal year 1977/78, Canada provided relief for C\$ 3.526 million of debt service due from Pakistan. This debt relief consisted of C\$ 2.498 million of export credits refinanced for 10 years at 6 per cent interest, C\$ 1.028 million of ODA lending rescheduled for 50 years at 0 per cent interest and, to achieve the internationally agreed upon overall grant element of 62 per cent, a cash grant of C\$ 855 thousand.

3. PRIVATE FLOWS AT MARKET TERMS

(a) Major Trends

49. The book value of Canadian direct investment in LDCs rose by U.S. \$390 million. Of this total, U.S. \$200 million represented new capital outflows, and U.S. \$190 million reinvested earnings. The increase in direct investment was predominantly in LDCs in the Americas and Asia, accounting respectively for 60 per cent and 35 per cent of the total. Excluding reinvested earnings, direct investment in the Americas was concentrated in manufacturing, followed by petroleum and other industries. In Asia, direct investment flows (excluding reinvested earnings) were primarily by companies in the mining and smelting industries, followed by petroleum and other industries.

50. Loans by Canadian banks, net of repayments, in both Canadian and foreign currencies, amounted to U.S. \$493 million, compared with U.S. \$749 million in 1976. As in previous years, the bulk of these transactions represented loans to developing countries of the Americas. Canadian currency transactions accounted for outflows of U.S. \$17 million compared with outflows of U.S. \$55 million in 1976, and foreign currency transactions for outflows of U.S. \$476 million compared with U.S. \$694 million in 1976.

(b) Policies

51. During the past few years Canada has increased official encouragement of private investments in developing countries by Canadian companies, with particular emphasis on joint ventures. In addition to the provision of export loans and export credit insurance, the Export Development Corporation provides non-commercial risk insurance to Canadian companies interested in overseas investment. An EDC foreign investment insurance contract insures the investor against losses resulting from expropriation, inconvertibility of currency and war, revolution and insurrection. The Corporation's liability ceiling for the program, originally set at Canadian \$50 million, has recently been raised to Canadian \$250 million and, by the end of 1977, aggregate coverage had reached \$192 million.

52. With respect to fiscal measures, Canada has at present comprehensive double taxation conventions with seven developing countries and is negotiating an additional twenty-three such conventions. While individual agreements may differ, the conventions normally reduce and put a ceiling on the rate of withholding tax that may be imposed on dividends, interest and royalties paid by a resident of one country to a resident of the other. The conventions also provide for specific mechanisms to avoid double taxation, normally by way of a credit. In addition, Canada's tax treaties with developing countries provide for 'tax sparing' whereby credit is given in Canada for certain taxes which, by virtue of specific incentive legislation, have not been collected by the developing country.

53. The Business and Industry Division of CIDA continues to offer a pre-investment incentive program for the benefit of Canadian businesses interested in establishing or expanding their operations in developing countries. The provisions of this program are examined in some detail in para 11 below.

4. COOPERATION WITH VOLUNTARY AGENCIES

54. The objective of the Non-Governmental Organizations (NGO) program is to expand Canadian involvement in international development by encouraging NGOs and their members to participate actively in international development projects which respond to needs expressed by citizens of the third world. To this end, the NGO program has been instrumental in channelling more than C\$ 100 million per year to the developing world.

55. As the NGO program has grown, it has played an increasingly important part in CIDA's total development effort, and this trend is expected to continue. It is generally agreed that this vehicle of assistance can be especially innovative and flexible because of its non-governmental nature. Also, NGO programs directly reach and involve the most disadvantaged people in developing countries, and encourage self-reliance in practical and productive ways.

56. In 1977, over 240 Canadian NGOs received CIDA financial assistance for more than 1,160 projects in 104 countries. The value of these projects was some C\$ 252 million including second and third year funding, toward which CIDA provided C\$ 42.3 million in 1977 and the NGOs almost C\$ 46 million. CIDA funds usually match the cash raised by the NGOs for international development work from the private sector; however, some projects receive high-ratio funding if they are particularly innovative or if they originate in NGOs which have certain specialized skills but no fund-raising base.

57. Four provincial governments (i.e., British Columbia, Alberta, Saskatchewan and Manitoba) have, in recent years, contributed generously to NGO programs in developing countries on a "matching grant basis". These and other provincial governments have also worked with NGOs in providing emergency or disaster relief.

III. BASIC HUMAN NEEDS

(a) Policies

58. Canada's Strategy for International Development Cooperation is intended to provide a policy framework for the elaboration of programs designed to promote the overall development process in the developing countries. Since its adoption in September, 1975, the Strategy has evolved along three broad themes: (a) the strengthening of mutual bilateral relations between Canada and her aid partners, (b) the encouragement of self-reliant development, and (c) the satisfaction of basic human needs.

59. The importance of Basic Human Needs as a policy-perspective is clear in the Strategy. Point 5, for example, emphasizes that the objective of Canada's development assistance program is to foster economic growth in a manner that will produce a wide distribution of benefits enhancing the quality of life of all sectors of developing country populations. Point 7 calls for a greater emphasis on the most crucial problems of development including food production and distribution, rural development, education, public health and demography. Point 8 states that the bulk of bilateral aid resources would continue to be directed to the poorest countries.

(b) Implementation

60. Canada's approach to the implementation of BHN policies has to date relied more on the integration of BHN considerations into standard program and project development procedures than on the issuance of any specific operational guidelines in this respect. For "program" countries, the regularly-prepared "country program reviews" and "country program updates" are designed to address not only the economic circumstances and requirements of the country in question but also the country's social situation and the anticipated social impact of Canada's development assistance program in terms of productive employment generation, equitable income distribution, ability to reach target groups, etc. These studies also examine the recipient's own development planning and the extent to which the country's policies and programs reflect a commitment to broad based development and a concern for basic human needs. At the project level, the critical review of individual project submissions goes beyond the simple assessment of economic and technical merit to include an appraisal of the project's social benefits and implications.

(c) Initiatives

61. In the context of both formal and informal consultations with recipient countries, development partners are made aware of Canada's interest in basic human needs - relevant activities. Reaction to indications that action programs for meeting basic human needs will be given special consideration is generally favourable and tends to be a function of the degree of coincidence between Canadian preferences and the recipients' own development priorities. Where reservations are expressed they tend to centre on the relationship between a basic human needs focus and donor ability to transfer the appropriate resources. In particular, recipients are concerned that the typically high local cost component of basic needs oriented projects could bring about an increased requirement for recipient contribution to development projects.

(d) Allocations

62. Within Canada's bilateral assistance program, the emphasis in the allocation of aid funds towards basic human needs oriented projects tends to vary with the specific goals and resources of each regional programming area.

63. In the Latin America program, for example, a major aim is to consolidate and increase programs in the poorest South America countries. The level of commitments to Haiti, Bolivia and Honduras are expected to more than double by 1980. In Bolivia, the Latin America Division has assisted Bolivia in the identification and formulation of projects which have a high potential for satisfying the basic needs of the poorest, especially in those sectors which are compatible with Canadian expertise such as agriculture, forestry and energy.

64. In Haiti, Canadian bilateral efforts focus on rural development, soil conservation, food aid, energy, and institutional support to increase the efficiency of local government agencies in their efforts to improve living and working conditions of poor Haitian population.

65. In Honduras the CIDA program is oriented towards agricultural and forestry sectors; the feasibility of initiating a Honduran integrated rural development project is presently being studied.

66. The current CIDA program in Colombia aims to encourage local efforts which favour the poorest 50% of the country's rural population, especially in such sectors as agriculture, forestry and fishing. The \$14 million integrated rural development project in the Cordoba/Sucre region of Colombia as well as the Haitian rural development projects and the possible Honduran initiative show a significant Latin American Division commitment to projects addressing the needs of the agricultural poor.

67. In the Commonwealth Africa program, public utilities, especially transportation and energy, have been traditional sectors of concentration, but in recent years there has been a growing trend towards agriculture and rural development and towards water resources. Agriculture alone accounted for 20% of funds approved during 1977/78.

68. The Division provides programme and project assistance to many LLDCs and MSAs, notably Botswana, Lesotho, Malawi and Tanzania. There are also smaller programmes in countries such as Ethiopia and Sudan. Activities in all of these countries tend to focus to a considerable extent on basic human needs projects, while at the same time providing essential infrastructure for economic growth.

69. Substantial assistance is offered for the development of water supplies for human consumption, notably in Ghana, Tanzania, Kenya and Malawi, and it is anticipated that involvement in this sector will remain at a high level in the coming years. One of the largest projects in the water sector is the Upper Region Water Supply Project in Ghana to which some \$19 m. has already been committed, and which could see further extensions in the coming years. The project aims to provide clean water supplies to almost the entire population of one million people in the Upper Region. CIDA involvement in the Upper Region is now expanding into primary health care as a result of the water supply project.

70. The Thaba Tseka integrated rural development project in Lesotho promises to exemplify the basic human needs orientation within the Commonwealth Africa Division. A primary goal of the project is to raise living and working conditions in the area through increasing the quality of livestock and rangeland often by the introduction of technological innovations appropriate to the social, economic and physical environment of the region. The Thaba Tseka project also provides for the development of a low cost primary health care delivery system and for a Functional Literacy School.

71. Similarly in the Francophone Africa program sectors with a direct impact on Basic Human Needs such as agriculture are being emphasized. The broad agriculture sector, including the rural development projects under way in Mali (Kaarta) and Rwanda (Mutara) makes up approximately one quarter of the divisional commitment for 1977/78. Projected agricultural disbursements for the 1978/81 IPF period are expected to represent 31.7 per cent of Canada's assistance program in Francophone Africa. Upgrading of local fishing, forestry and agricultural sectors in Senegal and a comprehensive Crop Protection program in Upper Volta, Mali and Niger are further examples of projects which relate directly to a Basic Human Needs approach in the Francophone Africa Division.

72. An increasing emphasis on the agricultural sector is also evident in Canada's assistance program in Asia. In the 1978/83 planning period, it is anticipated that one quarter of overall regional programming and, in some countries (i.e., Bangladesh, Sri Lanka and Nepal) as much as one-half of total project commitments will be directed towards the agricultural sector. Complementing this activity, the five year planning horizon also provides for a substantial build-up of rural transportation and communications infrastructure.

73. A major focus of the Caribbean program is the generation of productive employment opportunities through expansion of the industrial base. Examples of basic needs oriented projects in the Caribbean include initiatives designed to upgrade the Regional Fisheries industry and to establish the feasibility of an integrated rural development scheme

in the Belize valley. In Barbados, a Canadian sponsored project is developing the requisite technology to produce fibre board from sugar cane pulp. The project is expected not only to provide a source of productive income and employment for the local population but also to reduce the area's reliance on imported building products.

74. As noted in last year's memorandum, CIDA's multilateral program is providing increasing levels of support to international agencies and institutions concerned with a number of priority sectors - in particular, agriculture and renewable resources, health and population. Canadian assistance to, for example, UNICEF and the World Food Program continued to increase in 1977 and the newly-created International Fund for Agricultural Development benefited from a significant initial contribution from Canada. The member organizations of the Consultative Group on International Agricultural Research also continued to be major recipients of Canadian multilateral assistance.

75. The voluntary agencies or Non-Governmental Organizations (NGO) Division of CIDA has played an important and steadily growing role in rural based, basic needs programming. In conjunction with more than 240 Canadian NGOs, the Division is involved in more than 1000 projects including the construction of nutritional education/public health centres in Costa Rica, irrigation and afforestation projects in India and the development of small industry cooperatives in Colombia. Reflecting the Division's requirement that supported projects must contribute to increased self-reliance among the poorer segments of the population, over 80 per cent of NGO projects are in the agricultural, rural and community development, health, education and small business/cooperatives development sectors.

(e) Women in Development

76. Canada's Policy on Women in Development addresses itself to the neediest women and their families in the poorest regions of the world. The policy stresses the equitable integration of men and women in the development process and directs the active participation of women in Agency planning, program execution, modification and assessment.

77. Recognizing that women are agents of development in terms of their majority contribution to food production, child rearing and the quality of practical work in their communities, Canada feels that the unique needs and capabilities of women in the Third World must be more fully appreciated as a key determinant of the success of infrastructural and social development initiatives. To this end, CIDA sponsored a Colloquium in June of 1977 bringing together representatives of eleven donor agencies to review their various approaches to the integration of women in development. This meeting succeeded in identifying 13 major areas of concern for which an action plan was subsequently developed at a special DAC meeting in March of 1978.

78. Also during 1977 a review of Agency programs was conducted for purposes of determining to what extent the participation of women was encouraged in individual projects and what scope existed for intensification. The review indicated that the degree of initiative varied between the different Agency programs with the most widespread efforts to integrate women and men into the benefits of development being made in the NGO and International NGO programs. To varying degrees, CIDA's bilateral activities included planned programs of direct impact upon women and their families in accordance with Agency policy directives. In some regions, however, there was particular difficulty in reconciling the dictates of the policy with the socio-cultural situation of the countries in question.

(f) International Position

79. At the OECD/DAC High Level Meeting in October 1977 Canada re-confirmed that self reliance and the satisfaction of basic needs will be priority concerns in the planning and implementation of development projects and programs. Canada endorsed the conclusion that the successful implementation of a comprehensive basic human needs program would depend on the direction of a substantially increased share of ODA to basic needs projects and a focus on priority countries (notably the poorest LDCs), key sectors and flexible transfer mechanisms.

80. Canada endorsed the International Labor Organization's Declaration of Principles and Programmes for Action for a Basic Needs Strategy of Development at the World Employment Conference in June 1976 and will continue to support the ongoing work of the ILO in the field of basic human needs.

IV. SCIENTIFIC, TECHNOLOGICAL AND INDUSTRIAL COOPERATION

1. SCIENTIFIC AND TECHNOLOGICAL COOPERATION

a) Activities of the IDRC

81. The International Development Research Centre was established by the Canadian Parliament in 1970 as a public corporation whose particular mandate is to stimulate and support research in, by and for the benefit of developing countries. Specifically, research support by the Centre is directed at improving the well-being of people by adapting and applying science and technology to their needs. The Centre also supports programs to build human and institutional capacity to pursue these goals.

82. Centre-supported projects are approved by a 21 member Board of Governors composed of 11 Canadians and 10 international members. During 1977 the Board approved 176 projects requiring expenditures totalling C\$ 24.5 million. This brings the total number of projects approved up to the end of 1977 to 673 representing a total commitment of some C\$ 114.9 million. Of this number, some 127 projects had been completed at the end of 1977, and many others were continuing in a second or third phase.

83. To date approximately 40 per cent of Centre project funds have been allocated in Asia, 22 per cent in Africa, 20 per cent in Latin America and the Caribbean, 11 per cent to global projects, and some 8 per cent in support of research carried out at Canadian institutions. Sectorally, the Centre has put about 44 per cent of its project funds into its agriculture, food and nutrition sciences program, 27 per cent for social sciences, 16 per cent of health sciences, and 12 per cent for information sciences.

84. Agriculture, Food and Nutrition Sciences: Since 1970 the program's major emphasis has been on research to improve agriculture in the semi-arid regions. The Centre assisted in creating an 11-country network in Africa for research in savannah forestry - an important part of the battle against the spread of the deserts that threatens huge areas of Africa and Asia. Emphasis has also been placed on research to improve the native crops of these areas, grains, pulses and legumes that have hitherto been largely neglected by researchers.

85. Substantial contributions have also been made to the development of another staple tropical food crop, cassava, also known as manioc and tapioca. In Latin America the Centre is similarly supporting research into indigenous crops such as the highly nutritious quinoa grown in the High Andes since the time of the Incas.

86. Aquaculture is another area of concentration. In India the Centre is supporting a highly successful village fishpond program that has enabled villagers to increase yields by up to 20 times, and in the Pilippines last year another Centre-supported project succeeded in breeding milkfish in captivity for the first time. The fish are a food staple in Southeast Asia.

87. Cooperation among agricultural scientists is one of the primary objectives of the program, and wherever possible it assists in setting up networks of scientists working in similar fields. Much of the program's research support is also related to, or directly involved with work being carried out by the 10 International Agricultural Research Centres supported by the Consultative Group on International Agricultural Research, of which IDRC is a member.

88. Health Sciences: The program has several areas of concentration. In the field of water supply and sanitation the Centre has taken the lead in the development of simple technology. At Waterloo University a Centre grant enabled a multi-disciplinary group of researchers to develop a simple, reliable water pump that could be manufactured in developing countries at low cost. The pump is now undergoing extensive field testing. Elsewhere in Africa the Centre has brought together a network of researchers to develop sanitary toilets that do not require expensive sewerage systems.

89. Coupled with such research is the need for better health education and simplified health care delivery systems. The Centre contributes to a number of pilot schemes in this field in Africa, Asia and Latin America. Among them, one in Colombia has developed a series of simple health instruments that increase the effectiveness of paramedics many times over.

90. The development of new contraceptive techniques is another important part of the program, and a number of promising projects are underway with Centre support, particularly in India where real progress is being made.

91. Social Sciences and Human Resources: The aim of this program is to assist the peoples of the Third World, especially rural peoples, to adopt to modernization and change. The focus is on studies leading to strategies that aim at a balanced development between urban and rural areas. Equally important is the formation of appropriate policies regarding science and technology - a multi-country study of this kind has just been completed with Centre support.

92. In Asia the program has supported the development of a low-cost, more effective system of delivering primary education to rural areas. Named "Project Impact", the experiment has been so successful that it has attracted wide attention and a first attempt at replicating the Impact system in a different milieu is soon to be undertaken in Jamaica.

93. The program also supports considerable research into the social and economic aspects of such issues as family planning, population, food distribution and consumption, housing, transportation, and agrarian reform.

94. Information Sciences: The main thrust of this program is to assist developing countries to participate in the worldwide scientific and technical information services such as AGRIS, the UN's agricultural information system. Numerous projects assist countries in establishing, or strengthening, their data acquisition and handling capabilities, and in establishing regional information networks. The program also supports specialized information centres - vital repositories of information on subjects as diverse as family planning and ferrocement.

95. Publications: Disseminating the results of the research it supports is a vital part of the Centre's work. Some 100 monographs, technical studies and policymakers booklets were published in the past 7 years, and last year saw the launching of a monthly science news feature service specially written for newspapers and journals in the developing world. The Centre has also supported a number of regional seminars for journalists to encourage writing on science and development in the Third World news media.

b) CIDA's Activities

96. As part of its efforts to improve Canadian participation in areas of science and technology for broad-based development, CIDA is investigating alternatives to conventional means in key sectors such as agriculture, fisheries, energy and rural hydraulics. Often in conjunction with the IDRC and other federal institutions, seminars are organized with a view to promoting a better understanding of technological alternatives, their potential and the problems normally associated with their development and dissemination.

97. At the international level, the subject of science and technology has received considerable attention. CIDA has played an active role in developing Canada's position for the ongoing Code of Conduct on the Transfer of Technology exercise taking place under UNCTAD auspices. In respect of the forthcoming U.N. Conference on Science and Technology for Development, CIDA has been a participant in the official Canadian delegations to the preparatory conferences and has been given interdepartmental authority to assume the lead role in developing the Canadian position on the majority of sub-items on the official agenda. Of direct relevance to CIDA will be a discussion of Canadian scientific and technological capacity and the role of science and technology in the aid program.

(i) Bilateral Program

98. Most CIDA projects contain elements of transfer of technology, either in the form of hard or software. A number of projects lending support to research activities and high-level training are examined in the following paragraphs. In most cases, the objectives pursued are increased, more varied food production, and prospective uses of renewable resources.

99. In the past year, continued bilateral support was granted for research in wheat production in east and central Africa, rapeseed farming in Peru, the protection of vegetable crops in the Sahel and improved dry land farming in India.

100. In the field of fisheries an important project was carried out in 1977 in cooperation with the Instituto del Mar del Peru (IMARPE), the Federal Department of the Environment and Dalhousie University. Its purpose was to study the interaction of the "Anchovetta", a local species of anchovies, with their environment, and review the regulations governing their catch.

101. Now in its final stage, another project provides for the establishment of a National Inland Fisheries Institute in Thailand. Its purpose is to manage, improve and expand the productive potential of Thailand's fresh-water fisheries resources through the development of a sound program of training, applied research and primary extension services to aquaculturists.

102. A third project, well underway, encourages fresh water fisheries development in El Salvador. As a complement and extension to CIDA's support of the School of Fisheries at La Union, the project provides for a study of local species, their environment and interaction, the choice of the most appropriate instruments and techniques of breeding and a study of the prerequisites to the establishment of a viable commercial fisheries network.

103. The experience gained through CIDA projects so far shows that aquaculture is a field where the adaptation of Canadian techniques may pose certain problems. These are linked, for the most part, to the broad-based, intensive approach and purposes prevalent in aquaculture development in the Third World, as opposed to the more selective options normally retained in Canada.

104. CIDA's Bilateral Program is promoting an interest in more rational uses of energy sources such as charcoal, and is studying the benefits of implementing, often through combination, alternative concepts such as biomass, windpower and solar converters. The Agency is also directly involved in the establishment of small, woodfired electricity generating stations in Sumatra and is exploring similar opportunities in Bolivia.

(ii) Multilateral Program

105. Agricultural research has continued to be the main area of Multilateral assistance in 1977. Canada now ranks second among the more than thirty countries supporting research through the Consultative Group on International Agricultural Research. As alluded to before, continued support has also been lent to the UN and other international and regional institutions for their technical training programs, and to the WHO for both its health and population research efforts; in this latter sector, a contribution has also been made to the International Union for the Scientific Study of Populations.

(iii) Canadian Non-Governmental Organizations

106. A number of Canadian NGOs have, on a cost-sharing basis, received CIDA support for research and training in poorer countries. Improved food production and the use of local renewable resources are the objectives most frequently pursued.

107. Within the first category is an ongoing study of the potential diversification of winter crops in Bangladesh. Preliminary research has demonstrated the feasibility of growing peanuts, sweet potatoes and other products in certain regions during the winter season. The next steps are to evaluate the economic potential of such products, plan their integration into the agricultural cycle and distribution network and look into improved warehousing facilities, marketing and so on. The "Nutrition Supplement Processing Plant" in Ecuador was initiated with a similar objective. It includes the testing of a new technology to make a milk-oats-soya food supplement for broad-based consumption.

108. "Green Carpet" is the self-explanatory title of an integrated project in the Sahel dealing with hydrography and the use of solar energy. In 1977, CIDA also contributed to the organization of a technical course in solar energy conversion. Course participants from several countries were familiarized with recent research and development findings in this field.

109. CESO, the Canadian Executive Service Overseas continued to receive CIDA financial support which, in 1977, amounted to \$1.4 million. In that year, more than 280 short-term placements of highly-skilled volunteers were made.

(iv) International Non-Governmental Organizations Program

110. Over the three years of its existence, the International NGO program has consistently sought to promote self-reliance, notably through the strengthening of indigenous managerial and organizational capabilities. A more recent and complementary aspect of the program relates to the development of scientific and technological capabilities, an activity in which an increasing number of professional NGOs are involved. Under the auspices of the program, training has been offered in a variety of fields including the interpretation of remote sensing data, hydrology and the adaptation of local materials for construction and industrial uses.

2. INDUSTRIAL COOPERATION

111. The Business and Industry Division of CIDA has remained very active in the operation of its Pre-Investment Incentive Program whereby Canadian firms are encouraged to establish or expand operations in the developing countries either through joint ventures or other forms of business cooperation. The program provides for assistance in two stages, that is, for "Starter Studies" or preliminary investigations of project possibilities, and for more detailed "feasibility studies". Since the inception of the program seven years ago, 200 applications of the former type have been approved, and 50 for the latter. As a result fourteen Canadian investments have been made by Canadian entrepreneurs, and a number of others are now being considered. The Experimental Program of Industrial Cooperation (EPIC) outlined in the Memorandum for 1976, has also been the subject of continued activities.

112. During the past year, the Division has been very active in governmental discussions concerning the development of a more broadly based program of industrial cooperation. New arrangements would include a more substantial list of services under the Pre-investment Incentive Program and, potentially, facilities to assist Canadian companies in the actual financing and development of their projects in developing countries.

V. PUBLIC INFORMATION

113. The momentum of C.I.D.A.'s efforts to communicate openly to the public was maintained during the year despite the tendency of domestic issues to become the main concern of many Canadians. The Agency's information policy is based on telling the public, fully and frankly, of policies, procedures and programs related to Canada's contribution to international aid. Information issued by the Agency passes to the public both indirectly, through the channel of the mass media of communications, and directly, by the use of publications, films, exhibits and audio-visual productions. To develop journalists capable of interpreting the problems of the Third World to their readers, full cooperation continued to be given to the faculties of journalism of Université Laval and the University of Western Ontario for providing international development seminars and courses. C.I.D.A. participated as co-producer with Radio-Canada of a 13-program television series on the world's agricultural problems. Three films were produced on Canadian aid projects in Lesotho, Malawi and Pakistan and two television news clips, both dealing with Botswana, produced jointly with private voluntary organizations for use by 60 television stations. Particular efforts were made to reach schools by offering multi-media kits and other educational material that graphically illustrate the social and economic disparities between the least developed countries and the industrialized countries. A new multi-media kit, "Reshaping the Future - Towards a New Economic Order", was produced and extensively used by teachers and development education groups in all parts of Canada.

114. The Public Participation Program run by CIDA's Non-Governmental Organizations Division continued its efforts to promote Canadian support for international development cooperation and to encourage greater public awareness of development issues and problems through participation in NGO's institution and community groups. Priority in funding is given to projects and programs that:

- promote the involvement of people in major sectors of the public, geographical areas and organizations not yet engaged in international development cooperation;
- include as an integral purpose the mobilization of direct, practical support for development work overseas in the form of funding and/or contributions in kind from the Canadian private sector.

115. The provincial councils in Alberta, Saskatchewan, Manitoba, Ontario and Quebec have continued to expand their respective development education programmes. The councils have been able to coordinate the various organizations operating in each province and have established programs that cater to the interests of individual communities. The development of the provincial councils has contributed significantly to the overall growth in the program.

116. Programs undertaken by mass-membership organizations, such as the cooperatives and labour movements, have continued to develop, and represent an important new sector of the general public. Furthermore, some professional organizations are beginning to establish development education programmes in an effort to encourage their membership to develop an international focus.

VI. AID MANAGEMENT

(a) Administrative Modifications

117. In the face of a rapidly expanding aid program and a corresponding increase in the complexity of the issues affecting international development, the Agency initiated, in late 1976, an in-depth review of its management structure and of the mechanisms used to deliver the Canadian aid program. Completed in October of 1977, the Corporate Review introduced a series of short and long term structural and operational changes designed to improve the effectiveness of Canada's aid program through increased integration of the Agency's program activities, rationalization of its technical and advisory support services and further improvement of its financial control and planning functions. A number of these changes are reviewed in the following paragraphs.

118. Subject to the requisite approval procedures, the Corporate Review will result in a number of structural changes designed to more fully integrate the Agency's program activities. At the senior management level, the Corporate Review provided for the responsibilities of the Executive Vice-President to be reformulated to include the co-ordination of program activities that cross Branch lines. This new position, entitled Senior Vice-President, has now been established. At the program level, the responsibility for the administration of all food aid activities will come under one responsibility centre in the Multilateral Programs Branch and the position of Coordinator, Federal-Provincial Relations has been established in the Policy Branch. Additional structural changes directed towards the integration of program management functions in the Agency include the transfer of the responsibility for relating to multilateral policy institutions to the Policy Branch and of the responsibility for funding a number of international NGOs to the International NGO Division of the Special Programs Branch.

119. Corresponding changes in the Agency's planning procedures have been introduced to complement the structural changes discussed in the previous paragraph. The agency's annual submission to Cabinet will henceforth take the form of an integrated allocations memorandum presenting an overall picture of CIDA's funding requirements for the coming fiscal year. In previous years, a separate Cabinet submission was prepared only for the bilateral program.

120. One of the major changes flowing from the Corporate Review was the creation of the Resources Branch - one organizational unit bringing together all the technical and advisory support functions of the Agency. Operating within a project management framework, the sectoral organization of the Resources Branch is intended to complement the geographic specialization of the area divisions within the Bilateral Branch. After a transitional period, the Resources Branch will be decentralized into individual Resource Divisions within each of three geographic branches within Bilateral. The three geographic branches - Asia, Africa and the Americas will represent a consolidation of the existing five branch structure and will each be headed by an Area Vice-President.

121. In last year's memorandum, mention was made of improvements to CIDA's financial management practices pursuant to recommendations by the Auditor General of Canada in his 1976 Annual Report. Continuing in this vein, the Corporate Review provided for all financial management functions performed by the Finance and Administration Branch to be transferred to a new Comptroller's Branch. Also during 1977, the Agency launched the development of a new Financial and Management Information System designed to facilitate the introduction of a more stringent financial control mechanism.

(b) Policy Formulation, Programming and Implementation

122. In addition to structural changes noted in the preceding section, the Corporate Review addressed itself to the question of administrative arrangements for policy formulation and implementation. In the light of the findings of the Corporate Review, the Program Branches will henceforth be responsible for the formulation of policies governing their programs. The Policy Branch will be responsible for developing global policy directions and for coordinating the resolution of policy questions affecting more than one branch. Similarly, as concerns program evaluation, the Program Branches will be responsible for managing and/or conducting their own evaluation; the Policy Branch will be responsible for standardizing the quality of the evaluation methodology of Program Branches; for coordinating and integrating the evaluation findings of Program Branches for dissemination throughout the Agency; for ensuring the adequate relationship between the Program Branch Assessment and the Allocations Memorandum; for ensuring the adequacy of evaluation expertise in the field; and finally, for developing and directing independent special evaluations of any CIDA program, project or activity as requested by the President.

123. Last year's memorandum noted a trend towards increased use of non-governmental executing agents for the implementation of bilateral assistance projects. This practice is, of course, implicit to the operation of CIDA's NGO program and is expected to assume greater significance in bilateral project assistance. In a number of instances, non-governmental executing agents have been contracted to continue successful NGO initiatives within the framework of a bilateral development assistance agreement.

124. The 1976 memorandum also noted the increased frequency with which Canada has entered into "multi-bi" and "co-financing" arrangements with other aid donors. For a number of reasons, joint ventures with other bilateral and multilateral aid agencies have assumed an increased significance in Canada's development cooperation program. In some instances, for example, the achievement of certain goals of CIDA's country programming may require the acquisition of technical capabilities and expertise not readily available in Canada. There are also situations where the sheer scale of a particular development project exceeds the administrative, financial and technical capabilities of an individual donor and thus can only be achieved through the cooperation of several donor agencies. From the recipient's point of view as well, the coordination of efforts involved in many multi-bi and co-financing projects is regarded as one means of reducing the administrative burden of development projects. An outline of a number of projects co-financed with Arab donors is provided in the 1976 memorandum (para 104ff).

125. The Agency, in part through the establishment of the office of Coordinator, Federal-Provincial Relations, is also attempting to generate greater dialogue on aid matters with provincial governments. Areas of particular mutual interest include agricultural development, the provision of human resources to CIDA projects, NGO initiatives, emergency relief and - through the education system - measures to increase awareness of international development issues.

126. In relative terms, CIDA's planning and implementation authorities are, at present, highly centralized. As a result of the Corporate Review, a decision has been taken to review the division of responsibilities between Ottawa and resident field missions with a view to strengthening field representation and transferring greater planning and implementation authority to the field. Also, as mentioned in last year's memorandum, the new Mission Administered Funds program initiated in 1976/77 continues to produce satisfactory results. Under the program, up to C\$ 200,000 per country per year is available for scholarships and training awards and for small development projects (i.e., up to C\$ 25,000) identified and administered by resident field missions.

(c) Non-ODA Forms of Cooperation

127. In addition to the industrial co-operation program referred to in para 111 above, Canada is at present negotiating a cost recoverable technical assistance program with the Government of Nigeria. The program, which will be administered by the Department of Industry, Trade and Commerce, has two components. A completely cost recoverable component will provide for the placement of 500 Nigerian trainees per year for three years beginning in 1978/79. A cost shared component will provide for the establishment of a "Technical Co-operation Fund" for the purpose of financing the foreign exchange cost of recruiting operational personnel from Canada for the Public Service of Nigeria.

(d) Interdepartmental Framework

128. Overall coordination of both aid and non-aid aspects of Canada's relations with the developing countries is assured by the Interdepartmental Committee on Economic Relations with the Developing Countries. Matters of broader foreign policy formulation and coordination are considered by the Deputy-Minister level Foreign Policy Committee, while aid specific issues and operational matters are subject to the consideration of the high-level Canadian International Development Board and/or the senior-level Interdepartmental Committee on Development Assistance. The Departments of External Affairs, Industry, Trade and Commerce, Finance and CIDA are represented on all these committees. The Treasury Board Secretariat, the Privy Council Office, the Bank of Canada and other departments and agencies with special interests in aid or relations with developing countries (e.g., Agriculture, National Health and Welfare, Labour, the Canadian Employment and Immigration Commission, the Export Development Corporation and the International Development Research Centre) participate where appropriate.

129. CIDA is also an active participant in a number of ad hoc inter-departmental committees dealing with such matters as the Common Fund, preparations for UNCTAD V and UNCSTD, the Overview Committee, etc.



Canadian International
Development Agency

Agence canadienne de
développement international

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Annual Aid Review 1981



Memorandum of Canada to the
Development Assistance Committee
of the Organization for Economic
Co-operation and Development

Canada

Produced by the Policy Branch and
published by the Public Affairs Branch

ANNUAL AID REVIEW, 1981

MEMORANDUM OF CANADA TO THE
DEVELOPMENT ASSISTANCE COMMITTEE
OF THE ORGANIZATION FOR ECONOMIC
CO-OPERATION AND DEVELOPMENT

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I. MAJOR ORIENTATIONS

(a) Introduction

1. Although Canada's assistance program dates back to the post-war years, its growth in size and scope has been particularly marked since 1968, the year in which the Canadian International Development Agency (CIDA) came into being as successor to the "External Aid Office". This was followed by the 1968-69 foreign policy review and the resulting "White Paper" of 1970 in which the Government of Canada reiterated its commitment to international development assistance. The policy statement also reflected a number of special factors and circumstances of the time. Notable among these were the Pearson Commission Report on International Development (1969) and the United Nations Action Program for the Second Development Decade (1970).
2. The White Paper noted that "the Government regards the economic and social development of the developing countries as the primary objective of the Canadian assistance programme ... towards this objective, all allocations and commitments of development assistance funds should be measured chiefly against criteria relating to the improvement of economic and social conditions in the recipient countries." This thrust of development co-operation policy was reaffirmed by the "Strategy for International Development Co-operation, 1975-80".
3. The Strategy reflected the many changes that had taken place, both domestically and internationally, in the five years since the adoption of the White Paper. New elements that characterized the second half of the decade included the constraints in the economic environment generally and the need for reorientations so as to ensure greater effectiveness and flexibility of the aid program. Against this background, while reiterating the Government's commitment to development assistance, the year 1981, in important respects (e.g., budgetary planning, program strategy), represented a new chapter in the continuing evolution of Canada's international development co-operation.

(b) Evolving Dimensions of Aid Strategy

4. From its modest beginnings in the late 1940s, and well into the 1950s, the focus of Canada's international development assistance was largely on food aid and technical assistance. In the 1960s and 70s, this orientation shifted in favor of large-scale projects to create the physical infrastructure of roads, communications, power generation, etc. While these were essential to provide the foundation on which to build a process of economic and social development, to sustain it, the people of the developing countries should have the opportunity to become more active participants in the process. Recognizing this, the focus of Canada's development co-operation with the Third World in the 1980s is progressively moving toward addressing such priority issues as agriculture and rural development, training and human resource development generally, energy, and other key areas of concern, e.g., health and social development.

(c) Budgetary Planning and Control

5. As noted in our memorandum for last year, in 1980, the Government introduced a new system for financial planning, management and control, entitled the "Policy and Expenditure Management System" (PEMS). The system was a response to the Government's concern as regards the sharp rise in Government expenditures during the 1970s and the general realization that inadequate advance planning and priority-setting had led to growing deficits and loss of control over expenditures. Its objectives are:
 - to ensure that decisions to implement new policies and programs are made in clear recognition of resource availabilities and constraints in current and future years, as well as the relative priorities of the Government;
 - to increase control by Ministers over the use of public funds by ensuring that departments submit program options supporting stated Government priorities, together with their estimated costs for review and decision; and
 - to ensure that existing programs are rationalized, reformulated or even abandoned in light of periodic evaluations and of the Government's current and future priorities.
6. With these goals in mind, the PEMS: (i) sets out, in a long-term fiscal plan of revenues and expenditures, the financial constraints within which policy choices must be accommodated; (ii) establishes overall relative priorities; (iii) establishes specific expenditure limits or "resource envelopes" for major policy sectors; and (iv) allocates envelope resources among the constituent departments on the basis of Ministerial choices among departmental program options and their estimated costs, and the findings of program evaluations.
7. In the PEMS division of labor, the Priorities and Planning Committee of the Cabinet, chaired by the Prime Minister, performs the first three functions. The Policy Sector Committees (to which reference was already made in our 1980 memorandum), whose chairpersons are members of the Priorities and Planning Committee, perform the fourth by managing the envelopes and allocating resources among the member departments. The Treasury Board plays its traditional advisory and countervailing role in the area of assessing departmental estimates of the costs of programs and administrative requirements.

The following paragraphs of this section outline in more detail the working of the PEMS - its content, chronology, and functional linkages of the building blocks.

The Strategic Overview (SO)

8. Each March 31, departments submit "Strategic Overviews" to their respective Policy Sector Committee. For example, CIDA has the lead role in preparing a Strategic Overview for "Official Development Assistance (ODA)" incorporating, besides CIDA programs, activities of the International Development Research Centre (IDRC), Petro Canada International, and that portion of the Department of Finance's responsibilities which relates to ODA.
9. The Strategic Overview is a proposal by departments for a long-range, five-year strategic plan for their policy sector. It includes a review of the existing and future trends of the sector, the program objectives proposed and their relation to overall Government priorities, the strategies and policies to pursue the objectives, the program and administrative resource costs of various policy options, and an evaluation plan to monitor the results anticipated. Once approved or amended by the Ministers of the Policy Sector Committee (for ODA, the Foreign and Defence Policy Committee), and supplemented by the envelope ceilings decided in the "Fiscal Plan" (see next step), the Strategic Overview may be regarded as a true strategic plan for ODA around which detailed programming may proceed. In CIDA's case, this entails Ministerial direction on the size (volume, growth path), the complexion (geographical and sectoral emphases, preferred delivery channels), and the general costs (both program and administrative) of the future aid program.
10. Strategic Overviews cover a five-year period commencing April 1 (i.e., the day following their submission). Thus, the Strategic Overview submitted on March 31, 1982 covers the period 1982-83 through 1986-87. After the one or more Strategic Overviews comprising a sector have been reviewed by the Ministers of the Policy Sector Committee concerned (in the case of CIDA, this includes the ODA, External Affairs, and Defence Strategic Overviews), the Committee chairperson (in this case, the Secretary of State for External Affairs) prepares a summary document, the "Policy Sector Outlook", which feeds into the annual meeting of the Priorities and Planning Committee, for decisions on funding levels.

The Multi-Year Fiscal Plan (MYFP)

11. Each September, the Priorities and Planning Committee meets to establish the "Fiscal Plan" - the total level of government expenditures and the spending limits for each envelope for a five-year period. The years are the current year (for adjustments to current fiscal year spending) and four additional years: for example, the September 1982 Fiscal Plan covers 1982-83 through 1986-87. Thus, the Fiscal Plan period corresponds exactly to the period of the Strategic Overview submitted the previous March.

12. Expenditure levels and envelope ceilings are set primarily on the basis of the economic and fiscal outlook (as assessed by the Minister of Finance and the President of the Treasury Board) and, to a lesser degree, by a review of the major thrusts of Strategic Overviews as summarized in the Policy Sector Outlooks. This procedure is intended to ensure that governmental expenditures reflect a careful analysis of what is desirable for the Canadian economy and society, and thus minimize the bias of case-by-case resource decision-making which tends to result in constant expansion.
13. Following the establishment of the Fiscal Plan, Policy Sector Committees meet to allocate their envelope ceilings among the member departments, as well as to finalize their decisions on the policy and program orientations of the Strategic Overview.

Multi-Year Operational Plan (MYOP)

14. Each March 31, simultaneously with the submission of the Strategic Overviews, departments submit to Treasury Board a more detailed operational plan for using the resources allocated to them by the Fiscal Plan and subsequent Policy Sector Committee meeting in a way consistent with the policy principles approved by Ministers in their consideration of the previous Strategic Overview. The March MYOP covers the same period as the previous September's Fiscal Plan and the previous March's Strategic Overview (excluding of course the year that has just elapsed). The MYOP to be submitted on March 31, 1983 will thus focus on 1983-84 through 1986-87 (although earlier years may be included for comparison purposes).
15. The MYOP is organized around the concept of "planning elements". For CIDA, these are currently: Bilateral Development Assistance, Multilateral Development Assistance, Special Development Assistance, International Humanitarian Assistance, Food Aid, and Departmental Administration.
16. The MYOP provides more detailed information on the program configuration of the previously approved Strategic Overview by stating, for each planning element, the objectives and sub-objectives, program and administrative resource allocations, benefits and results anticipated from the proposed configuration of expenditures, and an evaluation plan by which results may be assessed. It is thus the basis on which expenditure levels and administrative requirements for the upcoming year will be negotiated and set with Treasury Board and, ultimately, on which Parliamentary allocations will be reviewed and justified.

The Main Estimates and Updated MYOP

17. The PEMS cycle culminates in the presentation to Parliament (via Treasury Board) of the Main Estimates for approval of the Government's spending proposals for the upcoming fiscal year.

Essentially, the Estimates translate the first year of the updated MYOP into the traditional Parliamentary format. The updated MYOP reflects any adjustments approved by Treasury Board and by Ministers in their consideration of the most recent Strategic Overview, and it accompanies the Main Estimates submission to Treasury Board each October 31.

18. To recapitulate: the key feature of the PEMS is the way in which projected allocations or planning figures for a particular year evolve from a general, "indicative" level based on long-term objectives several years before the fiscal year in question actually begins, through successive refining stages in which government priorities and resource availabilities/intentions are traded off, to eventual legal approval in the form of Estimates and Appropriations Acts. This occurs because the PEMS cycle repeats itself every year. Thus, the year, say, 1986-87, will first be considered as the last year of the Strategic Overview submitted on March 31, 1982, and will then pass through successive Strategic Overviews and MYOPs until, in October 1985, it becomes the subject of the updated first year of the MYOP and the Main Estimates.
19. Trends in ODA and ODA/GNP (Gross National Product) ratio, as with those in any other aspect of Government policy, derive from this integrated approach to public expenditure planning, with its built-in capacity to respond to evolving priorities through the required resource reallocation.
- (d) "Country Focus" and Development Co-operation
20. We noted in our 1977 memorandum that the "Corporate Review" completed in October of that year introduced a series of structural and operational changes whose main objectives were: (i) to increase the degree of integration of the Agency's program activities, and facilitate the development of effective interface mechanisms; (ii) to reinforce the geographic orientation of the organization in order to strengthen the Agency's focus on the requirements of recipient countries; and (iii) to improve financial control and management mechanisms.
21. The proposed geographic restructuring was postponed, largely because the rate of growth in development assistance was reduced and, in particular, the bilateral program experienced severe cut-backs in 1978 and 1979. Furthermore, the bilateral program found itself in a period involving major improvements in management systems and procedures. Most of these modifications have now been put in place and the geographic restructuring was completed in 1981 and 1982.
22. With a new financial management and control system in place and prospects for the aid program turning more favorable in 1981, attention reverted to the issues of program strategy and structural reorganization of the Agency. The findings of the Corporate Review as well as experience accumulated since that

time strongly supported an organizational structure reflecting a "geographic area" orientation as it tends to favor both a high level of concentration on the Agency's clientele, the Third World, and a more coherent approach to the Agency's programming, one in which all CIDA assistance to a particular country, through all delivery channels, would be complementary and mutually reinforcing. In other words, all ODA mechanisms would be used in a coherent, coordinated fashion, to attain the Agency's overall objectives in specific countries. This, in essence, is the "country focus" approach in that the starting point for our programming will be an assessment of a recipient country's needs and the establishment of Agency-wide, or "corporate", country program objectives.

23. In sum, what "country focus" entails is a fundamental change in the manner by which the planning process deals with the programs to be adopted. In the past, each program branch developed its own plans according to budgetary restrictions and appropriate criteria, after which a composite program for each country emerged. Under "country focus", the "indicative planning figure" (IPF)^{1/} for each "core country"^{2/} is developed before an examination is made of the appropriate delivery mechanism(s) to meet the identified needs of the country. The main focus thus shifts from the concerns of CIDA's various programs to the full scope of needs in each of the developing countries assisted by Canada. A "corporate" IPF (in contrast with the more narrowly defined "bilateral" IPF of the past) would eventually be introduced for each country, representing all country-focussable funds - i.e., excluding funds required for core funding of Multilateral and Special Programs activities (see also Section IV below).

II. TRANSFER OF RESOURCES

(a) Total Flows

24. Overall transfers of Canadian resources to developing countries include Official Development Assistance, other official flows (OOF), private flows and grants by voluntary agencies. In 1981, these transfers amounted to \$4,916 million, an increase of \$844 million over the 1980 level.

1/ The IPF is an indication of the amount of ODA provided by Canada over a five-year period to a recipient "core country" (see following note).

2/ These are mostly developing countries at a critical stage of economic transition where the bulk of Canada's development assistance will be concentrated on the basis of multi-year programming.

25. As the following data illustrate, there has been a decline in OOF, and an increase in the other three components. With respect to the decline in OOF, it should be noted that data on Canadian Wheat Board credits were included for 1980 but were not available for 1981. Also, private flows registered a substantial increase between the two years; however, these data are subject to revision, and thus do not reflect the actual extent of the change (see also Tables II-1 and II-2).

Overall Transfers of Canadian Resources to Developing
Countries, 1980 and 1981

	(\$ Million) ^{1/}			
	<u>Disbursements</u>		<u>Commitments</u>	
	<u>1980</u>	<u>1981</u>	<u>1980</u>	<u>1981</u>
Official Development Assistance	1,257	1,425	1,304	1,785
Other Official Flows ^{2/}	773	330	1,761	1,227
Private Flows	1,923	3,038	-	-
Grants by Voluntary Agencies ^{3/}	119	123	-	-
Total Resource Transfers	4,072	4,916	3,065	3,012

Source: DAC Questionnaire (1980 and 1981), Table 1.

(b) Evolution of Official Development Assistance (ODA) Disbursements and Commitments

26. Canada's net ODA disbursements totalled \$1,425 million in 1981, compared with \$1,257 million in 1980. However, with recent revisions in GNP estimates, the ODA/GNP ratio remained stable at 0.43 per cent.

^{1/} To avoid problems of statistical comparison resulting from exchange rate fluctuations, all data in this memorandum are expressed in Canadian dollars unless otherwise indicated. Where shown in U.S. dollars, the following exchange rates suggested by the DAC Secretariat are used: for 1980, U.S. \$1= C \$1.1693; for 1981, U.S. \$1= C \$1.1989.

^{2/} Includes Canadian Wheat Board data for 1980; comparable data are not available for 1981.

^{3/} Excludes contributions by CIDA (\$84.3 million in 1980 and \$83.9 million in 1981). These figures are already included in the ODA.

Table II-1 Official Development Assistance, 1980 and 1981

(\$ Million)

	Disbursements (net)		Commitments	
	1980	1981	1980	1981
OFFICIAL DEVELOPMENT ASSISTANCE ^{1/}	1,257.1	1,424.5	1,303.6	1,784.6
BILATERAL	768.6	894.5	644.0	1,211.8
Grants	536.2	588.6	474.4	741.5
Project & Program Aid	225.8	225.3	184.1	524.3
Technical Assistance	116.0	146.1	115.7	..
Food Aid	88.8	84.4	69.0	84.4
International Non-Governmental Organizations (INGOs)	4.6	13.0	4.6	13.0
Emergency Relief (other than food)	17.2	15.5	17.2	15.5
International Development Research Centre (IDRC)	38.3	45.6	38.3	45.6
Administrative Costs ^{1/}	45.5	58.7	45.5	58.7
Loans	232.4	305.9	169.6	470.3
of which: Food Aid	2.9	7.5	-	7.5
MULTILATERAL	488.5	530.0	659.6	572.8
Grants	207.4	220.8	214.5	229.4
of which: Food Aid	100.9	103.2	110.9	103.2
Loans	-0.02	-0.02	-	-
Capital Subscriptions and Contributions (Advances)	281.1	309.2	445.1	343.4
ODA/GNP Ratio ^{2/}	0.43	0.43		

Source: DAC Questionnaire (1980 and 1981), Table 1.

^{1/} Administrative costs were reported under memorandum item in 1980 and, therefore, are not included in total ODA. For comparison purposes, these data are now included in this Table.

^{2/} The GNP amounted to \$291.9 billion in 1980 and \$331.3 billion in 1981.

.. Not available

TABLE II-2 Other Financial Flows to Developing Countries,
1980 and 1981

(\$ Million)

	<u>Disbursements (net)</u>		<u>Commitments</u>	
	1980	1981	1980	1981
<u>Other Official Flows</u>	773.1	329.6	1,761.3	1,226.8
of which: Canadian Wheat Board	440.8	..	1,169.3	..
Bilateral ^{1/}	792.7	336.1	1,761.3	1,226.8
Multilateral	-19.6	-6.5	-	-
<u>Private Flows</u>	1,922.7	3,037.6	-	-
Bilateral	1,921.5	3,041.2	-	-
Direct Investments	467.7	839.2	-	-
Export Credits	-45.2	44.0	-	-
Other Bilateral Securities	1,499.0	2,158.0	-	-
Multilateral	1.2	-3.6	-	-
<u>Donations from Voluntary Agencies</u>	119.3	123.5	-	-
<u>TOTAL - Other Financial Flows</u>	2,815.1	3,490.7	1,761.3	1,226.8

Source: DAC Questionnaire (1980 and 1981), Table 1.

^{1/} 1980 data include Canadian Wheat Board activities and export credits from the Export Development Corporation (EDC); 1981 figures exclude Canadian Wheat Board as comparable data were not available.

.. Not available

27. Bilateral disbursements amounted to \$894.5 million in 1981 (62.8 per cent of total ODA), compared with \$768.6 million (61.1 per cent of total ODA) in 1980. Multilateral disbursements rose by \$41.5 million between the two years, to \$530.0 million.
28. Total bilateral and multilateral aid commitments^{1/} in 1981 rose by 37 per cent over 1980, to \$1,784.6 million. This was the result of a near-doubling of bilateral commitments and a modest decline in multilateral commitments.

(c) Current Prospects for ODA

29. The Government of Canada announced at the eleventh Special Session of the United Nations General Assembly in September 1980 its intention to reach an ODA/GNP ratio of 0.5 per cent by 1985 and to make best efforts toward a target of 0.7 per cent by the end of the decade. This commitment, to which reference was already made in Canada's 1980 memorandum to the DAC, continues to be Government policy.
30. Achieving these targets is seen in terms of a relatively even growth in ODA resources over the coming years. The "Fiscal Plan" and "resource envelopes" for major categories of Government expenditures to which we referred in Section I above serve as a long-term planning perspective for the process, with their annual reviews providing a measure of flexibility to accommodate budgetary adjustments.

III. ODA TERMS AND CONDITIONS

(a) Financial Terms

31. The focus of Canada's development assistance policy continues to be on the poorest countries of the Third World. These countries receive the greatest portion of the assistance either in the form of grants or loans on the most concessional or "soft" terms (0-10-50, i.e., no interest, 10-year grace period, and 50 years to maturity). Loans on other terms are also available to developing countries, and they depend on the economic situation of the recipient concerned and the purpose of the assistance.
32. In 1981, Canada made 42 loan agreements with developing countries. These represented total commitments of \$447.4 million.

^{1/} Data on bilateral commitments relate only to new commitments made during the year and which were still active at year-end regardless of whether all these funds were disbursed in the same year or were spread over several subsequent years. In contrast, multilateral commitments show amounts not yet reported as committed but to be disbursed before the end of the period covering the reporting year and the following year, regardless of when the original pledge was made.

33. Twenty-five of the above loans were extended on "soft" (0-10-50) terms. Thirteen loans (to Pakistan) were rescheduled at 0-0-22. One loan (to Barbados) was made on "more rigorous" (3-7-30) terms. Also, two loans (one to Jamaica and the other to Turkey) were made on relatively "hard" (5-5-20) terms for emergency balance of payments stabilization purposes.
34. Loans represented 13.5 per cent of total ODA commitments in 1980 as compared to 26.4 per cent in 1981. The "grant element" ^{1/} of these loans was 85.2 per cent in 1980 and 89.3 per cent in 1981. Correspondingly, ODA commitments with a 100 per cent grant element was 86.5 per cent of the total in 1980 and 73.6 in 1981. The overall grant element decreased slightly between the two years - from 98.0 per cent to 97.4 per cent.

(b) Untying Practices and Procurement Regulations

35. The current untying authority provides for the untying of all multilateral assistance (except food aid), transportation costs, and 20 per cent of bilateral assistance. For the bilateral program, untying authority refers to the program as a whole, not to individual projects. Consequently, the application of this measure provides for considerable flexibility and adaptability. For example, where circumstances warrant, certain bilateral development assistance projects can be untied up to 100 per cent.

(c) Local Costs Financing

36. The 20 per cent untying authority for the total bilateral assistance program applies, for the most part, to disbursements for local cost financing requirements. These are assessed on the basis of several criteria, in particular, the commitment of the recipient country to the project, its efforts and capacity to mobilize local resources required for the project, its savings

^{1/} The "grant element" is an index measure of a loan's degree of concessionality, or "softness", calculated on the basis of interest rate, grace period (interval to first repayment) and maturity (interval to final repayment). It is the difference between the face value of the loan and the discounted (market rate being customarily set at 10 per cent) present value of the service payments to be made by the borrower during the lifetime of the loan, expressed as a percentage of the face value. To illustrate: the grant element of a 10 per cent loan is zero; it is 100 per cent in the case of a contribution; and it falls between these extremes for a concessional loan. Canada's "soft" loans (0-10-50) carry a grant element of 90.34 per cent; "more rigorous" loans (3-7-30) have a 55.2 per cent grant element; and "hard" loans (5-5-20) carry a grant element of 33.05 per cent. Transfers to developing countries having a grant element of less than 25 per cent are not considered official development assistance.

capacity and any other specific requirement in the sector covered by the project. Local cost financing may relate to new investment projects or for maintenance and operations purposes (see following paragraph). It may be funded either through the untying authority or through the creation of counterpart funds from tied program aid.

(d) Maintenance Assistance

37. In view of the recent deterioration in international economic conditions, Canada recognizes that more frequent involvement in maintenance activities (e.g., recurrent and local costs financing, rehabilitation investment, training activities) may be required at both the project and macro levels. To be effective, aid for maintenance and operations needs to be provided within a policy environment designed to ensure that the recipients are making reasonable efforts toward mobilizing the necessary resources and implementing special measures to correct the identified problems.^{1/}

38. There is of course no single measure which can adequately address all these issues. For example, local costs financing (LCF) and recurrent costs financing (RCF) are two tools which could be utilized to alleviate certain problems: LCF - before they occur, and RCF - more so after they occur. They do not constitute a permanent solution. Thus, more attention needs to be directed toward comprehensive planning of projects, with detailed programming of all the relevant aspects, including long-term maintenance and rehabilitation, at the beginning of the planning cycle.

39. Furthermore, Canada is not, in the short run, able to alter substantially the inadequate supply of local technical expertise in the Third World, and can exert little influence over Canadian manufacturers as regards questions of equipment specifications or after-sales service. As a result, recurrent cost financing is undertaken where circumstances particularly warrant such action (especially in the least-developed countries), and this is normally done through direct funding within the context of the project approval, or through the mechanism of counterpart funds. The Canadian policy has been to finance recurrent costs in the initial operating years of Canadian-funded projects, and on a selective basis.

(e) Non-Project Aid

40. This form of assistance consists of a wide range of instruments. They are used selectively and in response to the particular needs

^{1/} This general perspective of policy is consistent with the "Guidelines for Local and Recurrent Cost Financing" adopted by the DAC in May 1979.

of the time - and in a manner so as to effectively complement other resource transfer mechanisms. The more important among such instruments of assistance are: lines of credit, food aid and emergency and distress relief. The data in Table III-1 summarize the activities during 1980 and 1981.

(f) Special ODA Resource Transfers

41. This category consists of such measures as debt rescheduling and emergency balance of payments stabilization loans. They are special instruments as they are not part of the regular development assistance program (see Table III-1).
42. In the case of countries with severe balance of payments problems, the provision of emergency assistance by Canada requires that the borrowing country have in place an agreement with the International Monetary Fund regarding an appropriate economic stabilization and adjustment program.

IV. AID MANAGEMENT AND ADMINISTRATION

(a) Aid Management

43. The "Comprehensive Agency Management Plan" (CAMP) - to which reference was made in our memoranda for 1979 and 1980 - was approved by the Comptroller-General in December 1980, and its implementation commenced in 1981. Specific initiatives on which substantial progress was made during the course of the year included an integrated management information system known as the "Long-Range Systems Plan" (LRSP).
44. The total CAMP process will be spread over the period through 1985. When fully in place, the Plan will constitute a coherent and comprehensive mechanism to meet CIDA's needs and priorities with respect to financial management and control systems for the 1980s.

(b) Aid Administration: Structure and Staffing

45. In terms of organizational structure, adoption of the "Country Focus" strategy (see Section I) meant the dissolution of the existing Bilateral Programs Branch and the establishment of four new "geographic" branches - i.e., a "Four A" structure - a branch to deal with each of the following four areas: Francophone Africa, Anglophone Africa, Asia, and the Americas.
46. The staff resources for the new Four A structure came, in their entirety, from the defunct Bilateral Programs Branch.

TABLE III-1 Non-Project Aid and Special ODA Resource
Transfers (Contributions Not Allocable by
Sector)', 1980 and 1981

Category	(\$ Million)			
	Commitments			
	1980		1981	
	Grants	Loans	Grants	Loans
1. To finance current imports:	69.02	20.20	116.81	108.28
a) Food Aid	69.02	3.00	84.44	7.50
i) General Import Program	69.02	3.00	83.44	7.50
ii) Emergency Food Aid	-	-	1.00	-
b) Goods and services specified by donor	-	17.20	32.37	100.78
2. Emergency and distress relief other than food aid	17.21	-	15.45	-
3. Contributions not directly linked to imports:	-	12.00	18.00	17.16
a) General purpose contributions	-	-	18.00	-
b) Contributions in support of current administrative budgets	-	-	-	-
4. Debt reorganization	-	-	-	3.70
5. Balance of payments stabilization loans	-	12.00	-	17.16
6. Other	36.38	-	97.31	-
<u>TOTAL</u>	<u>122.61</u>	<u>32.20</u>	<u>247.57</u>	<u>129.14</u>

Source: DAC Questionnaire (1980 and 1981), Table 5.

47. The evolution toward the "Country Focus/Four A" restructuring proceeded on schedule during 1981, and formal implementation of the resulting structures and sub-structures commenced on September 1, 1982. The process will be spread over a period of time. When fully operational, the three integral components of the new organization and approach would be:

- "Country Focus" - the general strategy;
- "Four As" - the structure to implement "Country Focus"; and
- "Matrix Management" approach to operations - to bring together the relevant program elements to deliver a particular activity.

48. In contrast with the Bilateral Programs Branch, the new structure features the elimination of two reporting levels between the President of the Agency and Project Managers. This new structure should increase the accountability of employees, improve vertical communication, and reduce the length of time required to obtain decisions, particularly in relation to programming issues and project proposals. It will also improve the quality of project management in that project-related activities will, in the future, be conducted under closer senior managerial direction. The new "Country Program Directors" at the head of each country program unit will be fully accountable for the development of their country programs, and for determining the most effective aid mechanisms and delivery channels to be used. The new structure is thus designed to increase further the focus of the Agency's program mechanisms on the primary clients, the countries of the developing world. It is this "country focus" approach that is at the heart of the new "Four A" structure.^{1/}

(c) Other Aspects of Aid Management

49. The developments noted above (and in Section 1) reflect, in large measure, a perceived need for improvements in management systems, aid strategy, and organizational structure. A related and equally important dimension is represented by the steps taken toward rationalization of field operations and mechanisms.

50. A program of consolidation of Canada's foreign service was announced by the Prime Minister in March 1980. Although several Government departments have international interests, there are some which have substantive program activities of an on-going nature - the Departments of External Affairs, Industry, Trade and Commerce, and Manpower and Immigration, the Canadian Government Office of Tourism, and CIDA. Designed to meet the increasing demands being placed on the foreign service, and to overcome

^{1/} These developments also reflect the main thrust of the DAC "Guidelines for Improving Aid Implementation" adopted in November 1979.

problems of limited resources, fragmented management and lack of unified coordination of Canada's various foreign policy concerns, the consolidation process had three objectives:

- to improve the economy and efficiency of foreign operations without affecting the policy and program development roles of the departments involved;
- to unify the management of Canada's foreign posts and the image of Canada which they project; and
- to improve the career prospects and broaden the experience of foreign service personnel.

51. In essence, this reorganization will create a fully consolidated foreign service; but it will leave intact the policy and program responsibilities of all departments with foreign interests, and maintain the responsibility of the Department of External Affairs to develop, coordinate and implement general external policy - and thus to ensure that Canada's interests abroad are seen as a coherent whole rather than as a collection of disparate elements.

52. The implementation of foreign service consolidation commenced on April 1, 1981, and the first phase envisaged, among other changes, the creation of four career "streams" - political and economic affairs, development assistance, social affairs, and commercial and economic affairs. Procedures and administrative arrangements toward operationalizing this phase were initiated during 1981. In view of its complex nature, the consolidation process will be spread over a period of time. Its impact on CIDA's field operations must be seen in the same perspective.

(d) Aid Effectiveness

53. During 1981, CIDA had placed renewed emphasis on evaluating the effectiveness of the Canadian aid program. A three-year evaluation plan covering selected corporate-level components and other aspects of the Agency's programs is now under preparation in the Evaluation Division.

54. The planning phases for the evaluation of three country programs and Canadian food aid are currently underway. The focus of the eventual evaluations will be on the actual results of the programs, and their purpose will be to improve the strategic planning and resource allocation decision-making processes of the Agency.

55. CIDA also continued to undertake its more traditional project-oriented evaluations. Their focus has been on learning lessons for improved project implementation and demonstrating successful project completion. The main thrust in the use of project evaluation reports has been toward improved project management, as well as better planning of similar projects.
 56. In 1981-82, the Bilateral Programs Branch was involved in 111 project evaluations of varying size and scope. Fifty of these were completed during the fiscal year. These studies were basically concentrated in three sectors: agriculture, transportation and education. Most of them were carried out by independent consultants on contract with CIDA, and they cost an average of about \$50,000 per study.
 57. On the Multilateral Programs side, there has been an increased emphasis in 1981-82 on evaluation of the International Financial Institutions (IFIs) and analysis of the basic program rationale. An assessment of the IFIs was completed by a team of outside consultants, and steps are being taken to implement their recommendations. Work was also initiated or continued in the same fiscal year on evaluating 33 projects of the Special Programs Branch.
 58. With a more integrated approach to public expenditure planning and a growing general awareness of and debate on ODA growth, particularly in times of high domestic unemployment and inflation, issues such as benefits of the aid program and efficiency with which it is being delivered will receive greater attention in the future (see following sub-section).
- (e) Public Information/Awareness
- (i) Public Perception of Foreign Aid
59. An important determinant of a sustained aid program is the public awareness of its objectives and its support for the program.
 60. A special survey conducted in 1980 to ascertain the public awareness of foreign aid revealed that only a small percentage of the people polled could clearly identify CIDA as the Federal Government's development assistance agency. The survey was initiated by CIDA and carried out by a firm of private consultants (using a telephone interview method). It was also a one-shot effort, focussed entirely on the subject of foreign aid.
 61. In 1981, in response to a request from CIDA, questions on "development" were included for the first time in an annual public opinion survey being carried out by another consultant. This survey was different from the first both in scope and methodology (it was carried out by means of a questionnaire and personal interviews). Also, it was conducted a year after the

earlier survey - a year which witnessed the Ottawa and Cancun Summits, Commonwealth Heads of Government Meeting in Melbourne, United Nations Conferences on Energy and Least Developed Countries and similar awareness-raising events.

62. Although the results of the 1981 survey revealed a higher degree of awareness of CIDA and its programs, it is premature to draw clear conclusions and trends from a single experiment. The annual survey will provide a method of tracking shifts in public awareness that heretofore was not available. It also suggests the importance of continuing such a "dialogue" so as to enhance general awareness in Canada of the role of foreign aid and thus contribute to a more informed debate on the issues of development and development co-operation.

(ii) Information/Education Mechanisms

Parliamentary Committees

63. During the year, Canadian Members of Parliament contributed significantly to the formation of public opinion favorable to Canada's development assistance program. This influence emanated principally from three Parliamentary Committees which provided a focal point for discussion and debate on North-South issues and development assistance in particular.
64. In April, 1981, the Parliamentary Task Force on North-South Relations concluded its work with the publication of an important report reflecting all-party support for a series of recommendations to the Government for improvements in Canada's aid program. The Task Force held some 46 public hearings which attracted widespread interest.
65. Another Parliamentary Committee, the Sub-Committee on Latin America and the Caribbean, was set up in the spring of 1981 with a mandate to explore the full range of relations between Canada and the areas of the Caribbean, Central America and South America. Since that time, the Sub-Committee has travelled extensively in the regions under study, held several meetings, and will submit its final report next year.
66. Finally, the regular meetings of the Standing Committee on External Affairs and National Defence provide a continuing forum for public exchanges on development issues.
67. In addition to these fora, Members of Parliament regularly participate in Ministerial visits to developing countries and serve on Canadian delegations to sessions of the United Nations General Assembly.

General Relations

68. Two activities which were strengthened following recent developments in the broad thrust of Canada's aid program and the structural re-organization of CIDA in response to them have special relevance in this context. They are:
- co-operation with the business community in developing an awareness program with a view to enhancing their participation in development projects; and
 - briefings (both oral and written) for Parliamentarians on substantive aid and development issues.

Public Participation Program (PPP)

69. This CIDA program was established in 1971 to assist non-governmental organizations, institutions and community groups throughout Canada in their efforts at reaching and enlisting the participation of Canadians in the complex issues of international development. Its objectives are:
- to promote better awareness of development issues and problems among the Canadian people;
 - to encourage a greater public interest and involvement in international development; and
 - to stimulate increased flows of development assistance from the private sector.
70. Although only a modest portion of CIDA resources is devoted to this program, results to-date indicate that it has been able to reach large numbers of Canadians from every walk of life and every region of Canada. The program has grown from 35 projects in 1971-72 to nearly 400 in 1981-82, with CIDA contributions to it rising from \$0.6 million to \$4.5 million over the period.

Public Information Programs

71. Publications: The CIDA "Annual Review" was issued in a new format beginning in 1981-82, with a more narrative approach, based on activities in our four regions of operation, along with a "Statistical Annex" containing detailed data on program activity. This style has proven to be successful, and will be continued in the future.
72. In addition, "Fact Sheets" were prepared on CIDA's programs in "core countries", and those for Category II countries (see Section VI-a) are underway. Also, Fact Sheets on Agriculture and Fisheries - the first in the "sectoral" series - were issued; work on others is underway.

73. Radio: An experimental program of radio tape interviews was begun, with early indications of success. Interviews are done with CIDA's "co-operants" on their way to assignment overseas, or on return from duty, for broadcast in their home region. Early monitoring has shown that the tapes are broadcast as "news" rather than "opinion", lending credibility to the material. It is planned to expand the program in the coming year.
74. Written Press: While most written press coverage is in response to reporters' questions or requests for interviews, an experimental program of sending copy to the weekly press (numbering some 1,100 in Canada) has recently been introduced. Early indications are that most of the stories were used, even if in edited form.
75. Speaking Engagements: The President and other senior officials of the Agency continued to appear before such diverse groups as Parliamentary Committees, university groups, community organizations, etc., and participate in discussions of development co-operation issues.

V. MULTILATERAL CONTRIBUTIONS

(a) General

76. Canada has traditionally contributed a relatively large share of its ODA through multilateral channels, both in absolute terms and in comparison with other donors. The Government's general approach with respect to the share of ODA going to the multilateral program, especially in light of its substantial growth in the mid-1970s, is related primarily to the question of appropriate balance among the various components of the ODA program. The importance of this issue became particularly evident during the budgetary restrictions in the 1978-80 period, the major impact of which was on the bilateral program, in view of the multi-year commitments which govern the bulk of our multilateral contributions.
77. Another important dimension here is represented by the continuing evolution of Canada's aid strategy and priorities (see Section I) and the resulting increased importance that has come to be given to bilateral assistance, both through government-to-government and non-governmental channels, in view of the perceived effectiveness of such forms of aid not only in serving developmental and national interests but also as an instrument in providing public support for the aid program.
78. The above adjustment has resulted in a better internal balance for the aid program as a whole. Beyond this, it was not intended to suggest any lack of confidence in multilateral institutions as development channels; rather, Canada will henceforth pay more attention to the levels of our participation in such institutions

vis-à-vis other countries, and to allocation decisions which reflect our assessment of the effectiveness of these institutions. Indeed, the adjustment must be seen, in part, in the context of a general slowing down in recent years in the rate of growth of multilateral aid in a number of donor countries as a result of changed priorities.

(b) United Nations Programs

79. Canada, through the UN Programs Division of CIDA, funds some 45 programs engaged in a wide variety of development issues and related to the United Nations network of institutions, as well as others relating to the Consultative Group on International Agricultural Research (CGIAR), the Commonwealth and la francophonie.
80. Over and above the desirability of a Canadian presence in international development efforts led by multilateral institutions, the major criteria underlying decisions with respect to the level of contributions to individual agencies are the following:
- to reinforce the principle of central funding and maintain support for existing institutions,
 - to focus on major world problems,
 - to give priority to the poorest countries, and
 - to promote the satisfaction of basic human needs, self-reliance and mutual interest.
81. In line with the above, the major institutions supported by the UN Programs Division are: (i) the United Nations Development Program (UNDP), which is by far the major recipient primarily because it is at the centre of efforts to coordinate technical co-operation in the UN development system and because 80 per cent of its resources are aimed at the poorest countries; (ii) the Commonwealth Fund for Technical Co-operation (CFTC), also a major recipient in view of its role as a central funding mechanism in the Commonwealth, and the Programme spécial de développement (PSD) as it plays a similar role in la francophonie; and (iii) the International Fund for Agricultural Development (IFAD), the CGIAR, the United Nations Fund for Population Activities (UNFPA) and the United Nations Children's Fund (UNICEF) - all major recipients, largely because they deal with priority world problems such as food, population and the well-being of mothers and children.

(c) International Humanitarian Assistance (IHA)

82. The level of Canada's humanitarian assistance program has been set by the government at 2 per cent of official development assistance. Canada's IHA program provides for grants to

international institutions and Canadian and international non-governmental organizations involved in the provision of humanitarian relief, for operations and general programs, specific programs and specific appeals. In addition, the program is broadening in scope so as to include disaster coordination and disaster preparedness. The major institutions supported are the United Nations High Commissioner for Refugees (UNHCR), the United Nations Relief and Works Agency for Palestine Refugees (UNRWA), the International Committee of the Red Cross (ICRC), the League of Red Cross Societies (LRCS) and UNICEF.

(d) International Financial Institutions

83. Canada is a major supporter of the International Financial Institutions (IFIs). This support is reflected in the relative level of Canada's contributions, which range from the second largest in the Inter-American Development Bank (IDB) to the fifth in the International Development Association (IDA). Canada ranks third in both the Asian Development Bank and Fund and the African Development Fund. The importance which Canada attaches to the IFI program has not diminished, and its share of Canada's total ODA is projected to be within the range of 18-20 per cent over the next few years.
84. Canada's general position with respect to the IFIs reflects a complex number of factors, including their demonstrated developmental impact, our overall support for multilateral assistance, the evolving mix of Canada's program delivery channels, and a number of historical and political factors. For example, our significant position in the Caribbean Development Bank (CDB) is in keeping with our historical ties with the region and the importance which Canada attaches to a blending of multilateral and bilateral mechanisms and approaches to the development problems faced by the Commonwealth Caribbean.
85. Table V-1 indicates the distribution of multilateral ODA disbursements for 1980 and 1981. Table V-2 provides data on disbursements to the technical assistance activities of IFIs and UN institutions.

VI. DISTRIBUTION OF BILATERAL ODA

(a) Policy Considerations

(i) Eligibility and Programming Status of Recipients

86. Canada's ODA eligibility framework applies to all forms of country-specific and non-multilateral programming by CIDA, and consists of a Cabinet-approved list of countries which falls into three categories of eligibility:

- a) "Core Countries" - where resources are concentrated and where all forms of ODA instruments, delivery channels and multi-year commitment planning are used.

Table V-1 Multilateral Assistance Disbursements, by Recipient,
1980 and 1981

	<u>(\$ Million)</u>	
<u>Category/Recipient Organization</u>	<u>1980</u>	<u>1981</u>
<u>Capital Subscriptions (Investments):</u>		
Caribbean Development Bank (CDB)	21.0	21.1
International Finance Corporation (IFC)	0.8	0.8
Asian Development Bank (AsDB)	4.0	4.2
Inter-American Development Bank (IDB)	9.3	9.1
	6.9	7.0
<u>Loans and Contributions (Advances):</u>		
African Development Fund (AfDF)	260.1	288.1
Asian Development Bank (AsDB)	30.0	30.0
Caribbean Development Bank (CDB)	42.0	56.7
Inter-American Development Bank (IDB)	3.5	5.9
International Development Association (IDA)	19.1	19.4
	165.5	176.1
<u>Grants:</u>		
World Food Program (WFP)	207.4	220.8
United Nations Development Program (UNDP)	97.2	98.7
United Nations High Commissioner for Refugees (UNHCR)	41.0	45.0
UN Relief and Works Agency for Palestine Refugees (UNRWA)	4.9	4.0
United Nations Children's Fund (UNICEF)	5.1	7.3
United Nations Fund for Population Activities (UNFPA)	9.0	10.0
International Fund for Agricultural Development (IFAD)	7.0	7.7
Other United Nations Agencies	-	-
Other Multilateral Organizations	9.4	12.3
Regional Development Banks	33.4	35.5
	0.4	0.3
<u>TOTAL</u>	<u>488.5</u>	<u>530.0</u>

Source: DAC Questionnaire (1980 and 1981), Table 2A.

Table V-2 Disbursements (Estimates) to Technical Assistance
Activities of IFIs and UN Programs,
1981-82

	<u>(\$ Million)</u>
<u>IFIs</u>	<u>Disbursements</u>
Caribbean Development Bank	0.15
Asian Development Bank	0.80
African Development Bank	0.32
Program Evaluation of IFIs	0.09
Miscellaneous	0.11
Sub-Total	<u>1.47</u>
<u>UN Programs</u>	
United Nations Development Program	45.00
United Nations Children's Fund	10.10
United Nations Fund for Population Activities	8.70
Other Multilateral Institutions	29.16
Sub-Total	<u>92.96</u>
<u>Total - IFIs and UN Programs</u>	<u>94.43</u>

Source: CIDA

- b) "Selective Instruments Countries" - where ODA activities are administratively less intensive (e.g., new forms of technical and institutional co-operation, co-financing arrangements, development lines of credit and other forms of program aid). This category is composed essentially of middle-income countries for which the ODA program is directed toward the strengthening of long-term political and economic ties.
- c) "Other Eligible Countries" - where only NGO projects, institutional and industrial co-operation activities, food aid (provided on an emergency basis) and Mission Administered Fund (MAF) projects are available as assistance mechanisms.

(ii) Categories of Developing Countries

- 87. The country categories Canada uses are derived from the IDA's definition of income groups (and 1978 per capita GNP) for purposes of its credit eligibility. The income groups are: (i) under U.S. \$625 - "low-income"; and (ii) U.S. \$625 and over - "middle-income". A third category used (based on DAC definition) is that of "newly-industrializing countries" (NICs) - Argentina, Brazil, Greece, Hong Kong, Korea, Mexico, Portugal, Singapore, Spain and Yugoslavia.
- 88. For the most part, "core countries" are developing countries in the "low-income" category. In contrast, "selective instrument countries" are essentially "middle-income" countries (MICs). "Other eligible countries" are defined more in terms of special circumstances than of rigid criteria.^{1/}

(iii) Least-Developed Countries (LLDCs)

- 89. At the 1981 United Nations Conference on LLDCs held in Paris, Canada's position with regard to the targets set out in the Substantial New Program of Action for the 1980s was to eventually reach 0.15 per cent of GNP for ODA to LLDCs. Canada formally announced this commitment during the 37th session of the United Nations General Assembly.

(b) Programs and Achievements

(i) Distribution by Income Groups and Categories

- 90. The distribution of bilateral ODA to developing countries by income groups is shown in Table VI-1. In 1981, 64 per cent of disbursements were allocated to low-income countries - the same as in the previous year. Commitments to this category increased to 71.5 per cent in 1981 - from 56.2 per cent in 1980. Contributions to other categories - MICs, NICs, and OPEC - also registered increases (though smaller) over 1980.

1/ Eligibility for emergency balance of payments stabilization loans is determined by a different set of considerations, and involves a case-by-case approach.

Table VI-1 Distribution of Bilateral Assistance to
Developing Countries, by Income Group,
1980 and 1981

(\$ Million)

Income Group	Disbursements (net)				Commitments			
	1980		1981		1980		1981	
	\$M	%	\$M	%	\$M	%	\$M	%
Low-Income Countries	486.9	63.3	568.5	63.6	362.1	56.2	866.0	71.5
Middle-Income Countries	53.6	7.0	104.3	11.7	57.3	8.9	126.8	10.5
NICs	1.7	0.2	4.0	0.4	3.2	0.5	1.9	0.2
OPEC Countries	0.4	0.1	2.1	0.2	0.4	0.1	1.8	0.1
Unspecified	-	-	15.2	1.7	0.8	0.1	12.5	1.0
Other								
Unallocable aid ^{1/}	14.3	1.9	30.6	3.4	8.6	1.3	33.0	2.7
Other Bilat- eral ^{2/}	211.7	27.5	169.8	19.0	211.6	32.9	169.8	14.0
of which:								
IDRC	38.3	5.0	17.9	2.0	38.3	5.9	17.9	1.5
Emergency Relief	17.2	2.2	-	-	17.2	2.7	-	-
Industrial Co-operation	7.3	0.9	-	-	7.3	1.1	-	-
Admin. Costs	45.5	5.9	58.7	6.6	45.5	7.1	58.7	4.8
Canadian NGOs	84.3	11.0	59.6	6.7	84.3	13.1	59.6	4.9
International NGOs	4.6	0.6	13.0	1.4	4.6	0.7	13.0	1.1
<u>Total Bilateral Assistance</u>	768.6	100.0	894.5	100.0	644.0	100.0	1,211.8	100.0

Source: DAC Questionnaire (1980 and 1981), Table 2A.

1/ Does not include contributions to the Sahel, which are included with low-income countries.

2/ Not allocated by country in 1980. Part of the expenditures were allocated by country in 1981.

(ii) Least Developed Countries

91. Data on bilateral disbursements and commitments to LLDCs are contained in Table VI-2. In 1981, disbursements to this category accounted for 24.1 per cent of total bilateral ODA - roughly the same percentage as in the previous year. Commitments to these countries amounted to 22.6 per cent in 1981, compared to 22.4 per cent in 1980.

(iii) Distribution by Programming Status of Recipient

92. Table VI-3 presents the distribution of bilateral assistance according to the three programming categories used by CIDA. Disbursements to "core countries" represented roughly the same percentage in 1980 and 1981 - 58 per cent. However, reflecting the new strategy, commitments to this category of countries registered a substantial increase between the two years - from 52 to 72 per cent. Disbursements for the "selective instruments" category rose from 5.6 per cent of bilateral ODA allocable by country in 1980 to 11.1 per cent in 1981, while commitments declined from 8.4 per cent to 5.4 per cent. The third category of countries registered a small increase with respect to both disbursements and commitments between the two years.

(iv) Geographic Distribution of Bilateral ODA

93. Table VI-4 indicates disbursements and commitments of bilateral ODA by geographic area. Generally speaking, fluctuations in disbursements remained within modest ranges between 1980 and 1981, registering a plus or minus 2-5 percentage points. More significant were the commitments, which rose from 21.3 per cent for Africa, 5.6 per cent for the Americas and 38.3 per cent for Asia in 1980 to 30.4 per cent, 11.5 per cent and 43.4 per cent respectively in 1981.

VII. AID TO AGRICULTURE AND FOOD AID

(a) General

94. Food aid accounted for about 14 per cent of Canada's ODA disbursements in 1981. While a substantial portion of Canadian food aid is used for humanitarian purposes, particularly to assist refugees and groups affected by natural disasters, the program is intended to complement and support the efforts of the recipient countries in the area of agricultural development.
95. Food aid disbursements in 1981 totalled \$196 million, a slight increase over the previous year (Table VII-1). Of this, bilateral disbursements amounted to \$93 million, the largest single recipient being Bangladesh (one-third). Disbursements through multilateral channels accounted for \$103 million, the major recipient being the World Food Program (WFP).

Table VI-2 Bilateral ODA Disbursements and Commitments
to Least Developed Countries (LLDCs),
1980 and 1981

	(\$ Million)							
	Disbursements (net)				Commitments			
	1980		1981		1980		1981	
	\$M	%	\$M	%	\$M	%	\$M	%
LLDCs	192.3	25.0	215.7	24.1	144.5	22.4	274.1	22.6
Comprising:								
Africa	111.6	14.5	129.1	14.4	64.8	10.0	124.3	10.2
Americas	6.3	0.8	9.1	1.0	3.2	0.5	10.5	0.9
Asia	74.4	9.7	77.5	8.7	76.6	11.9	139.3	11.5
Total Bilat- eral ^{1/} of which:	768.6	100.0	894.5	100.0	644.0	100.0	1,211.8	100.0
IDRC	38.3	5.0	45.6	5.1	38.3	6.0	45.6	3.8
Canadian NGOs	84.3	11.0	59.6	6.7	84.3	13.1	59.6	4.9
International NGOs	4.6	0.6	13.0	1.5	4.6	0.7	13.0	1.1
Admin. Costs	45.5	5.9	58.7	6.6	45.5	7.1	58.7	4.8
Emergency Relief	17.2	2.2	16.4	1.8	17.2	2.7	16.4	1.4
Industrial Co-operation	7.3	1.0	11.6	1.3	7.3	1.1	11.6	1.0

Source: DAC Questionnaire (1980 and 1981), Table 2A.

^{1/} See note ^{2/} to Table VI-1.

Table VI-3 Distribution of Bilateral Assistance,
By Programming Status of Recipient,
1980 and 1981

(\$ Million)

Programming Status	Disbursements (net)				Commitments			
	1980		1981		1980		1981	
	\$M	%	\$M	%	\$M	%	\$M	%
Core Countries/ Units	443.0	57.6	520.7	58.2	333.1	51.7	870.8	71.9
Selective Instru- ments Countries	42.6	5.6	99.5	11.1	54.3	8.4	65.8	5.4
Other Countries ^{1/}	35.4	4.6	58.8	6.6	32.7	5.1	67.1	5.5
Sub-Total (alloc- able by country)	521.0	67.8	679.0	75.9	420.1	65.2	1,003.7	82.8
Unallocable by Country/Region ^{2/}	35.9	4.7	45.7	5.1	12.3	1.9	38.3	3.2
Other Bilateral ^{3/} of which:	211.7	27.5	169.8	19.0	211.6	32.9	169.8	14.0
IDRC	38.3	5.0	17.9	2.0	38.3	5.9	17.9	1.5
Emergency Relief	17.2	2.2	-	-	17.2	2.7	-	-
Industrial Co-operation	7.3	0.9	-	-	7.3	1.1	-	-
Admin. Costs	45.5	5.9	58.7	6.6	45.5	7.1	58.7	4.8
Canadian NGOs	84.3	11.0	59.6	6.7	84.3	13.1	59.6	4.9
International NGOs	4.6	0.6	13.0	1.5	4.6	0.7	13.0	1.1
<u>Total Bilateral Assistance</u>	768.6	100.0	894.5	100.0	644.0	100.0	1,211.8	100.0

Source: DAC Questionnaire (1980 and 1981), Table 2A.

^{1/} Primarily those countries eligible only for Mission Administered Fund (MAF) assistance.

^{2/} Includes also contributions to regional projects, such as regional Anglophone Africa and Asia.

^{3/} See note 2/ to Table VI-1.

Table VI-4 Distribution of Bilateral Assistance,
by Geographic Area,
1980 and 1981

(\$ Million)

	Disbursements (net)				Commitments			
	1980		1981		1980		1981	
	\$M	%	\$M	%	\$M	%	\$M	%
<u>Africa</u>	282.9	36.8	305.4	34.1	137.4	21.3	368.7	30.4
Anglophone	138.7	18.0	166.3	18.6	72.7	11.3	180.8	14.9
Francophone	144.2	18.8	139.1	15.5	64.7	10.0	187.9	15.5
<u>Americas</u>	53.6	7.0	105.9	11.8	35.8	5.6	139.1	11.5
Caribbean	27.5	3.6	47.6	5.3	22.3	3.5	69.9	5.8
Latin America	26.1	3.4	58.3	6.5	13.5	2.1	69.2	5.7
<u>Asia</u>	218.4	28.4	290.4	32.5	246.6	38.3	526.1	43.4
<u>Europe</u>	1.5	0.2	22.4	2.5	12.0	1.9	7.7	0.6
<u>Oceania</u>	0.5	0.1	0.5	0.1	0.6	0.1	0.3	0.1
<u>Other Bilateral</u> ^{1/} of which:	211.7	27.5	169.9	19.0	211.6	32.8	169.8	14.0
IDRC	38.3	5.0	17.9	2.0	38.3	5.9	17.9	1.5
NGOs	88.9	11.6	59.6	6.7	88.9	13.8	59.6	4.9
Admin. Costs	45.5	5.9	58.7	6.6	45.5	7.1	58.7	4.8
Industrial Co-operation	7.3	1.0	11.6	1.3	7.3	1.1	11.6	1.0
Emergency Relief	17.2	2.2	16.4	1.8	17.2	2.7	16.4	1.4
<u>Total Bilateral</u>	768.6	100.0	894.5	100.0	644.0	100.0	1,211.8	100.0

Source: DAC Questionnaire (1980 and 1981), Table 2A.

1/ See note 2/ to Table VI-1.

TABLE VII-1 Food Aid Disbursements, 1980 and 1981

Program	(\$ Million)	
	Disbursements ^{1/} 1980	1981
Bilateral (total)	91.8	92.8
Asia	63.6	41.7
Bangladesh	40.0	29.7
India	19.8	3.0
Nepal	-	0.3
Pakistan	-	1.9
Sri Lanka	3.8	5.9
Thailand	-	0.9
Africa	18.5	32.0
Ethiopia	1.1	7.7
Gambia	-	0.1
Kenya	-	1.6
Mauritania	0.5	0.8
Mozambique	1.5	2.0
Rwanda	1.6	0.3
Senegal	0.1	6.8
Somalia	2.8	-
Sudan	1.5	3.8
Tanzania	3.0	-
Uganda	-	2.0
Upper Volta	-	1.5
Zaire	2.9	2.5
Zambia	3.5	-
Zimbabwe	-	2.9
Americas	3.3	14.3
Dominica	0.4	-
Jamaica	2.9	7.5
Nicaragua	-	4.5
Peru	-	2.3
Other recipients	6.4	4.8
including:		
Canadian NGOs	3.2	1.7
Voluntary Agricultural Development		
Assistance (VADA)	1.1	0.9
Mennonite Central Committee	2.1	2.2
Multilateral (total)	100.9	103.2
World Food Program	97.2	98.8
UNRWA	3.7	4.4
<u>TOTAL</u>	192.7	196.0

Source: CIDA

1/ Includes transportation costs.

96. Low-income countries receive special attention in Canada's agricultural assistance program. Total commitments for agricultural projects in these countries stood at \$278 million in 1981. Of this, LLDCs accounted for \$73 million. The following data illustrate:

Bilateral Commitments for Agricultural Projects in
Low-Income Countries, by Geographic Region, 1981

	(\$ Million)
<u>Region</u>	<u>Commitments</u>
Africa	62.9
America	12.9
Asia	201.7
<u>Total</u>	<u>277.5</u>
Of which:	
LLDCs	73.0

Source: CIDA

(b) Food Aid and Aid to Agriculture

97. Although the key objective of Canadian food aid remains that of alleviating human suffering, increasing emphasis in coming years will be on its uses as support for agricultural development. Whenever possible, food aid will be used to enhance the recipients' capacity for food production and to provide support for their agricultural development strategy. For example, counterpart funds generated from the sale of food aid will be used for specific projects relating to agricultural development, (e.g., assistance to food production and irrigation systems - water resource planning, new irrigation systems and rehabilitation of existing systems, especially in such regions as Asia and the Sahel).
98. Beginning in 1982, agricultural development initiatives will be pursued multilaterally through increased support for the World Food Program. Activities during 1981 also reflected continued and growing support (both disbursements and commitments) for the Consultative Group on International Agricultural Research - CGIAR (Table VII-2).
99. An important, related initiative on the Special Programs side is the Voluntary Agricultural Development Assistance Program (VADA) - a federal-provincial, cost-shared effort to encourage Canadians who want to help fight hunger in the Third World. Created in 1975 as part of Canada's food aid program, VADA became one of

Table VII-2

Disbursements and Commitments to the
Consultative Group on International Agricultural
Research (CGIAR), 1979-81

<u>Program</u>	<u>(\$ Million)</u>					
	<u>Disbursements</u>			<u>Commitments</u>		
	<u>1979</u>	<u>1980</u>	<u>1981</u>	<u>1979</u>	<u>1980</u>	<u>1981</u>
International Maize and Wheat Improvement Centre (CIMMYT)	1.30	1.30	1.43	1.30	1.43	1.50
International Rice Research Institute (IRRI)	1.30	1.30	1.43	1.30	1.43	1.50
International Institute for Tropical Agriculture (IITA)	1.30	1.30	1.43	1.30	1.43	1.47
International Centre for Tropical Agriculture (CIAT)	1.15	1.15	1.27	1.15	1.27	1.45
International Crop Research for Semi- Arid Tropics (ICRISAT)	0.95	0.95	1.17	0.95	1.17	1.45
International Potato Centre (CIP)	0.64	0.65	0.76	0.64	0.75	0.85
International Laboratory for Research into Animal Diseases (ILRAD)	0.60	0.60	0.60	0.60	0.60	0.65
International Centre for Agricultural Research in Dry Areas (ICARDA)	0.35	0.35	0.40	0.35	0.40	0.60
Others	0.50	0.50	0.57	0.50	0.58	0.73
<u>TOTAL</u>	<u>8.09</u>	<u>8.10</u>	<u>9.06</u>	<u>8.09</u>	<u>9.06</u>	<u>10.20</u>

Source: DAC Questionnaire (1980 and 1981), Table 2A.

CIDA's Special Programs in 1979-80. Its goal is to stimulate voluntary initiatives that will reinforce other Canadian efforts to help the people of the developing countries improve crop production and food security.

100. Through the VADA program, various provincial governments have arranged training courses for Third World personnel in such areas as fisheries and food technology. Provincial governments, businesses and voluntary associations have contributed a variety of goods - e.g., food, milk powder, insecticide, agricultural tools and seeds - which were shipped to many parts of the Third World with VADA assistance. In 1981, CIDA disbursements under the program amounted to about \$1 million.

(c) New Initiatives

101. Two new program initiatives were announced by Canada at the 1981 Commonwealth Heads of Government Meeting in Melbourne where the agricultural sector was the main theme. The first, involving a program toward the training of agricultural extension workers emphasizing the role of women in food production and the dissemination of appropriate technologies, will be launched on a pilot basis in Sri Lanka before being expanded to cover other countries.
102. The second is a significant development-oriented initiative in which approval will be sought to fund and structure an "International Centre for Ocean Development" to be established in Canada. The activities of the Centre will be focussed on training and co-operative programs aimed at helping Third World countries make the best possible use of their ocean resources, in particular as a source of food, by virtue of their expanded 200-mile (320 kilometres) jurisdiction.
103. The potential effects of food aid on prices and markets in recipient countries are assessed in allocating Canadian food aid and in determining the specific commodities to be provided. Efforts demonstrated by the recipient regarding the establishment and implementation of appropriate agricultural policies and programs are taken into account not only in so far as they are needed to ensure that imported food does not become a disincentive to local farmers but also in that they constitute an essential framework for the effective integration of food aid with other assistance to increase agricultural production.
104. As part of an effort to increase the developmental impact of Canadian food aid, and consistent with the "country focus" strategy, multi-year programming will be introduced in fiscal year 1982-83 in selected "core countries" which are traditional recipients of Canadian food aid. Such an approach to programming would link food aid to agreed policy undertakings as a guaranteed food supply would give the recipient sufficient time to introduce policy changes affecting the food and agriculture sector. This

strategy will be used in countries which have well-articulated development planning demonstrating a willingness to utilize food aid in ways which complement other measures to improve agricultural production, i.e., the strategy will be designed and monitored in such a way as to avoid possible negative repercussions on agricultural production in the recipient countries.

VIII. OTHER PRIORITY AREAS

(a) Population

105. Canada's policy regarding family planning is based on the belief that all women and men should have access to the information and education they wish to exercise their right to determine their family size without outside intervention. CIDA applies a policy of non-interventionist development assistance in response to specific requests for program aid from the governments of developing countries, on the premise that over-population is one of the major obstacles to development.
106. CIDA has implemented Canadian policy toward population and family planning in three ways: first, support for family planning components integrated into various health programs; second, support to organizations specializing in population and family planning activities such as the United Nations Fund for Population Activities and the International Planned Parenthood Federation (\$8.7 million and \$4.2 million, respectively, in 1981-82); and third, support to individual population projects through the Bilateral Program and initiatives of Canadian NGOs. Complementing these were the population-related activities supported by the IDRC.

(b) Women in Development

(i) Policy

107. In 1981, the major concern of the Bilateral Program regarding the treatment of women's issues was to consider women's needs within the framework of integrated programming throughout the spectrum of CIDA's developmental considerations. Rather than programming for women in isolation, the focus is on improving the Agency's collective ability to deal with the problems and constraints faced by needy women in the Third World while renewing the emphasis of CIDA programs on human resource development generally. One example of this "integrated" approach is that now the Bilateral Program approval process specifically addresses the issue of the role of women in development in all country programs.

(ii) Programs and Achievements

108. CIDA has participated in a number of projects which are either directed towards women or are implemented by them. Twenty-nine

such bilateral projects were approved in 1981, for a total value of approximately \$182 million. Though not specifically targetted at women, these projects were believed to have significant impact on the lives of women in view of the broad sectors they covered (e.g., agriculture and rural development, training).

109. The Social Development Division of the Agency's Resources Branch has increased its efforts to foster the fullest participation of women in the developmental process as the target clients of program activities in light of the multiplier effects from women as catalysts of social action. Several literacy programs in rural development projects provided for activities to help women to understand and control their environment more easily, and stressed the special interests of women in textbooks and learning materials. In addition, new efforts were made to identify the relative place of women in social development statistics (by disaggregation of the data by sex).
110. To illustrate: in the fisheries sector, CIDA, in 1981, supported the predominant role of women in co-operative management, marketing and processing fish in small-scale fisheries projects in Indonesia, Malaysia, Philippines, Thailand and Guyana. CIDA's support to training in marine biology in a joint Canada-Brazil university fisheries project which includes the participation of women biologists is a case in point from the area of formal education.
111. In the forestry sector, especially in the area of tree cultivation for community development, the "social forestry" project in India and reforestation projects in the Sahel, represent another initiative in promoting the role of women in development.
112. Multilateral programs which provide the most tangible benefits for women and their families, particularly in rural areas, continue to be UNICEF and UNFPA. Canada contributed \$10.1 million and \$8.7 million respectively to these programs in 1981-82.
113. In 1981, a special study was initiated on the impact of Canadian NGO projects on women. The pre-study phase reached about 30 Canadian NGOs and examined 51 projects for their specific impact on women. Further study of Canadian NGO projects in developing countries is underway.
114. In 1981, a review of the projects administered by the Special Programs Branch showed that women represented about 30 per cent of participants in training programs compared to 12 per cent in 1979. Forty per cent of nominees by developing country governments for training by international organizations were women. There was a doubling of participation by women in 1981 in projects supported by the Branch's Institutional Co-operation and Development Services, the International NGOs, and Management for Change programs.

115. In 1981, an exhibition coordinated by the Agency's Public Affairs Branch entitled "Third World Women and CIDA" drew Canadian public attention to the importance of assisting Third World women to improve their lives.

(c) Environment

116. CIDA maintains a number of bilateral programs with a strong focus on the conservation and management of natural resources and the promotion of a healthy environment in the developing countries. No precise data are available on the financial value of CIDA's environmentally-oriented projects because environmental objectives are pursued through a variety of channels - multilateral, bilateral, special programs and other CIDA supported non-governmental channels. Moreover, achieving the Agency's objectives is sought through projects in a number of different sectors. Agricultural development projects, alternative energy programs, sanitation and water supply projects will, in addition to training and technical co-operation programs, take environmental implications into account in the formulation of their overall objectives.
117. The Agency has become increasingly aware of the interaction between the ecological and economic aspects of its projects. Ecological criteria are a factor in the bilateral project identification and planning process. Plans for sensitizing CIDA's project implementation and management personnel, as well as consultants on contract with the Agency, to environmental considerations are being devised in consultation with Canada's Department of the Environment, and consideration is being given to other measures to coordinate and enhance CIDA's performance in this area.

(d) Co-operation With Developing Countries in the Field of Energy

(i) Policy

118. Energy continues to be a sector of priority for Canada's international development assistance program. This was reaffirmed at the UN Conference on New and Renewable Sources of Energy (UNERG) held in Nairobi in August 1981. On that occasion, Canada announced several initiatives it was undertaking in support of the development of renewable energy sources in developing countries, including a special \$25 million CIDA program to promote new energy technologies in Francophone Africa, particularly the Sahel, a special \$10 million grant to the International Development Research Centre for an intensified energy-related research program in developing countries, and an additional \$5 million to CIDA's Industrial Co-operation Program to set up the Canadian Renewable Energy Facility (CREF) to promote collaboration between the Canadian renewables industry and its counterparts in developing countries.

119. These initiatives represent a growing emphasis on smaller-scale energy technologies to complement Canada's traditional and continuing emphasis on major hydroelectric generation and distribution projects. During the Conference, Canada also formally announced the establishment of Petro-Canada International Assistance Corporation (PCI), a subsidiary of Canada's state oil company, Petro-Canada, with a mandate to operate as an instrument of Canada's development assistance program in the field of oil and gas exploration and development.
120. Canadian aid policy in the field of energy continues to attach importance to multilateral activity in this sector, as well as to close coordination among donors and recipients. Canada has strongly supported the establishment of an Energy Affiliate of the World Bank and has been active in the coordination of donor activity in the field of energy, particularly through its chairmanship of the Energy Committee of the "Co-operation for Development in Africa" (CDA) Group.

(ii) Programs and Achievements

121. Tables VIII-1 and VIII-2 indicate disbursements of bilateral ODA in the energy field by sub-sector and region. The bulk of the disbursements (over 80 per cent) continues to be in the area of power generation and distribution. This represents Canadian contributions toward major projects such as the construction of a 500 KV transmission line in Kenya, rural electrification schemes in Thailand, Egypt and Cameroon, and major power generation projects in India, Pakistan, Indonesia, Madagascar and Ghana.
122. Disbursements in the oil and gas sector also represented a significant share of energy-related assistance. These related to two development lines of credit to India and Pakistan for oil and gas drilling and other related equipment, as well as a program in Pakistan to promote the exploration and development of that country's oil resources. A number of other projects are currently under preparation.
123. Co-operation in the field of smaller energy technologies is also a growing feature of Canada's aid activities, particularly through the Industrial Co-operation Program. Projects supported in 1981-82 included solar energy projects (water-heating, cooling, dehydration, etc.) in Costa Rica, Jamaica, Argentina, Morocco, Nigeria, Kenya and Egypt; fuel alcohol projects in Kenya, Philippines, Costa Rica, Barbados and Panama; mini-hydro projects in Swaziland, Jamaica, Dominica, St. Lucia, Dominican Republic, Malaysia and Sierra Leone; wind energy projects in Jamaica, Barbados and Dominican Republic; as well as gasifier and biomass projects in Brazil, Jamaica and Kenya. Total disbursements in 1981-82 for such projects stood at \$2.5 million.

TABLE VIII-1 Bilateral ODA Disbursements in the Energy Sector,
by Sub-Sector, 1980-81 and 1981-82

	1980-81		1981-82	
	<u>\$ Million</u>	<u>%</u>	<u>\$ Million</u>	<u>%</u>
Energy Planning (including Management and Maintenance Training)	3.4	2.6	2.6	2.2
Power Generation	33.2	45.8	20.5	17.7
Electrical Energy Transmission and Distribution	31.8	42.9	73.9	63.8
(of which: Rural Electrification	(15.6)	(21.5)	(20.8)	(17.9))
Oil and Gas	3.6	8.0	16.6	14.3
Other	0.5	0.7	2.3	2.0
<u>TOTAL</u>	72.5	100.0	115.9	100.0

Source: CIDA

Table VIII-2 Bilateral ODA Disbursements in the Energy Sector,
by Geographic Area, 1980-81 and 1981-82

	1980-81		1981-82	
	<u>\$ Million</u>	<u>%</u>	<u>\$ Million</u>	<u>%</u>
Asia	32.4	44.7	45.2	39.0
Anglophone Africa	16.9	23.3	48.4	41.8
Francophone Africa	22.1	30.5	14.4	12.4
Americas	1.1	1.5	7.9	6.8
<u>TOTAL</u>	72.5	100.0	115.9	100.0

Source: CIDA

124. As announced by the Prime Minister in Nairobi, a special \$25 million CIDA program is currently being developed to promote the use of new energy technologies, particularly in the Sahel region. Projects are now being identified and discussed with the governments concerned.
125. Canada also contributes to the International Council for Research in Agroforestry (ICRAF), as well as to a number of other forestry projects related to fuelwood development.

Petro-Canada International Assistance Corporation (PCI)

126. PCI was formally announced by the Government in November 1980 as part of the National Energy Program. PCI will act as a direct delivery mechanism for Canadian ODA to assist oil-importing developing countries to reduce or eliminate their dependence on imported supplies. It will seek to achieve this goal by participating in exploration for oil and gas, by conducting pre-exploration and related studies, and by providing technical assistance and training in petroleum exploration, development and production. Now operational, PCI has already undertaken project identification missions in a number of countries.

IDRC - Past Energy Research Projects

127. IDRC has traditionally regarded energy as part of a number of systems and not as a distinct discipline. The Centre has not, therefore, created an Energy Division. Nevertheless, it has seen a growing use of funds for energy research in the context of the activities of each of its Divisions.
128. Approximately 40 of IDRC's past projects (involving some \$3.7 million) were energy projects. They included forestry projects to increase the supply of fuelwood, post-production systems projects to increase the efficiency of energy use particularly in crop drying, rural water supply projects to develop windmill water-pumping systems, and social science projects to assess the socio-economic impact of biogas technologies and to conduct energy end-use surveys.
129. In addition to these, there were a further 40 research projects with a total cost of about \$8.5 million which dealt indirectly with energy, including research to improve the overall efficiency of post-production systems. These involved, among other things, research in improved energy use efficiency as well as forestry research projects, including IDRC's support for the ICRAF.
130. This practice of defining energy research objectives by first identifying energy needs in the context of given resource constraints will provide the basis for new initiatives in future energy research.

IDRC - Future Energy Research Projects

131. The Centre's energy program is being expanded in response to the Prime Minister's UNERG announcement that an additional \$10 million will be made available to IDRC (over four years) to allow the Centre to increase its support for energy research in developing countries.
132. An internal Energy Committee has been established to coordinate all IDRC's energy research activities and advise the Centre's President on the choice of energy projects to be funded from the new grant. While many of the projects supported through this Committee will fall within the program areas of the existing Divisions, the Committee will encourage, for the first time, the development of a coordinated program for research that reaches across Divisional boundaries within the Centre and into new areas not covered by the existing Divisions.
133. Funds for energy research will thus be made available from two sources: the new \$10 million grant administered by the Energy Committee, and the budgets of the existing Divisions. In 1982-83, \$1.7 million will be available for appropriation from the new energy grant. It is expected that expenditures from regular Divisional budgets for energy-related projects will exceed \$1 million.
134. In addition to the \$1.7 million, \$800,000 has already been appropriated for the creation of an Energy Research Group (ERG) - the first major initiative arising out of the expanded energy program. This group will be composed of eminent research scientists and policy-makers from developing countries who will meet over a three-year period to review energy research requirements, priorities and resources, and provide an independent source of information to assist Third World countries and donor agencies in developing energy research strategies.
135. A further significant initiative will be the introduction of an Energy Policy Research Program within the Social Sciences Division. Identifying research on the formulation, implementation and evaluation of energy policies as an urgent priority, this new program will develop projects in the areas of: research which identifies and specifies the nature of developing country energy problems; research to evaluate and identify energy technologies, particularly small-scale technologies with a predominantly rural application; and research for energy planning. Research in this area might examine non-technical policy options such as pricing, transport systems, and conservation. Other research issues include the way energy research is to be undertaken, gaps in research knowledge and the development of local capabilities for research planning, negotiation, implementation and training in the Third World.

136. IDRC's new Co-operative Program will also consider the prospects for collaborative research in the energy sector involving institutions in Canada as well as in developing countries.
137. Through its Agriculture, Food and Nutrition Sciences Division, IDRC expects to expand its support to wood-based energy projects, and to continue its program for improving the efficiency of use and for reducing the cost of energy consumed in post-harvest systems and agro-industries.

(e) Technical Co-operation

(i) Recent trends

138. The development of human resources continues to be one of the priorities of Canada's development assistance program. Toward this, recent Canadian experience suggests a need not only for selectivity in the choice of mechanisms, but also to build the process on the socio-cultural foundation of the developing countries.
139. Given that Canada's objective in this regard is to complement the efforts of the developing countries toward self-sufficiency in specialized manpower, emphasis in our technical assistance program will be on activities to improve administrative, technical and managerial expertise, as well as toward increasing the productivity of certain target groups, such as women and the most disadvantaged, through appropriate education and health programs. Also, Canadians will be encouraged to participate in greater numbers in the development efforts undertaken by Canada, - e.g., volunteer agencies, private and non-governmental organizations.

(ii) Education and Training

Recruitment and Selection of Co-operants

140. In 1981, approximately 720 Canadians participated in CIDA's bilateral projects. Fifty-nine per cent of these co-operants were employed directly by Canadian organizations under contract with CIDA as compared to 60 per cent in 1980. The following was their distribution by geographic region:

<u>Region</u>	<u>Per Cent</u>
Asia	10.9
Francophone Africa	41.6
Anglophone Africa	31.1
Americas	13.3
Other	3.1
<u>TOTAL</u>	100.0

Source: CIDA

141. As Table VIII-3 indicates, the distribution of co-operants by sector varied between 1978 and 1981. For example, 25 per cent of the co-operants were working in the education sector in 1981 compared with 27 per cent in 1980, 34 per cent in 1979 and 44 per cent in 1978. This decrease was counterbalanced, in large part, by increases in the renewable resources sector and the energy, transportation and communications sector, consistent with the broad thrust of Canada's development co-operation strategy.

VIII-3 Distribution of CIDA Co-operants, by Sector, 1978-81

Sector	(Per Cent)			
	1978	1979	1980	1981
Renewable Resources	21.5	30.1	37.4	29.8
Education	43.7	34.3	26.9	24.9
Energy, Transportation, Communications	15.9	15.5	17.1	22.5
Industry, Mines	8.8	8.3	5.8	8.7
Public Administration	2.4	4.4	4.3	5.6
Economic Planning	1.2	2.0	3.0	4.0
Trade, Bank Operations, Tourism	0.6	2.4	2.4	2.4
Health	3.0	1.7	1.6	1.2
Social Services	2.9	1.3	1.5	0.9
<u>Total</u>	100.0	100.0	100.0	100.0

Source: CIDA

Briefing of Co-operants

142. CIDA's Briefing Centre provides a variety of programs and services to CIDA staff, co-operants, executing agency personnel, other federal and provincial government departments and non-governmental organizations.
143. In 1981, the Centre designed and implemented some 110 pre-departure and de-briefing programs for 675 co-operants and their families in various regions of Canada. The Centre also conducted briefing and follow-up sessions in the field in such countries as Senegal, Colombia, Tanzania and Indonesia.
144. To provide the necessary support for its various programs, in both methodology and content, the Centre developed several specific projects in 1981 - e.g., information guides on countries in which CIDA has programs; slide shows and videotapes for use in training co-operants.

145. The Centre provided linguistic training to co-operants assigned to Latin America, Indonesia and certain African countries such as Rwanda and Tanzania. It is currently developing self-training modules as part of briefing sessions offered to teenagers.
146. In 1981, the Centre also organized a field-seminar in Peru with the specific purpose of preparing a "manual" for Project Managers dealing with the Andes region.
147. The Briefing Centre has also developed and implemented a special research project on INTACT (Integrated Technical Assistance Cycle) which addresses the issue of integrating all elements of the technical assistance cycle, i.e., briefing, pre-selection, selection, pre-departure, in-country, pre-return, and final debriefing. Special seminars are also conducted by the Centre in co-operation with Desk Officers at the start of new country programs, as was the case in 1981 for Nicaragua and China.

In-Country and Third-Country Training

148. In 1981-82, CIDA continued to support bilateral training programs by training nationals in their own institutions of learning or in those of another developing country. Table VIII-4 illustrates the distribution of In-Country and Third-Country training over the past three years.

VIII-4 Distribution of CIDA Trainees Receiving
In-Country or Third-Country Training,
by Geographic Region,
1979-80 to 1981-82

Region	In-Country			Third-Country			Total		
	79/80	80/81	81/82	79/80	80/81	81/82	79/80	80/81	81/82
Francophone Africa	183	222	250	74	63	83	257	285	330
Anglophone Africa	8	4	4	60	38	36	68	42	40
Asia	4	8	8	98	75	57	102	83	65
Americas	19	6	6	310	299	270	329	305	276
<u>Total</u>	214	240	268	542	475	446	756	715	714

Source: CIDA

In-Canada Training (1980 figures in brackets)

149. During 1981, Canadian bilateral aid provided for 261 (247) new trainees from developing countries to undertake programs in Canada at various universities and colleges, or with private, para-governmental or governmental agencies. Of this number, 57 (87) were from Francophone Africa, 129 (96) from Anglophone Africa, 10 (16) from Asia and 65 (48) from the Americas.
150. A total of 756 (757) trainees were engaged in programs in Canada during 1981, 459 (486) of whom were still in Canada at the end of the year. Table VIII-5 gives their distribution by geographic region of origin.

VIII - 5 Distribution of Trainees in Canada,
by Geographic Region of Origin, 1981

	Academic Training Programs	Practical Training Programs	Total
Francophone Africa	225	22	247
Anglophone Africa	335	26	361
Asia	16	7	23
Americas	89	36	125
<u>Total</u>	665	91	756

Source: CIDA

151. In addition to the trainees directly administered by CIDA, 237 other trainees, who were placed in and supervised by Canadian organizations under contract with CIDA, studied in Canada during 1981. The distribution of these trainees by geographic region of origin was as follows:

Francophone Africa	155
Anglophone Africa	65
Americas	17
<u>Total</u>	237

152. At the request of the United Nations and its specialized agencies, arrangements were made in 1981 for 150 UN Fellows to attend training programs in Canada. Including those Fellows already in programs at the beginning of 1981, a total of 209 Fellows were undertaking training in 1981, compared with 169 in 1980.

(f) Institutional Co-operation

153. Successful development requires the marshalling of efforts of all segments of society. Universities, community colleges, professional associations, labor unions, co-operatives, and resource personnel organizations - all have people available to take part in development projects who possess not only technical and scientific expertise, but also organizational capabilities and knowledge of human relations specific to their field of work, their institution, and their culture.
154. Against this background, CIDA's Institutional Co-operation and Development Services Program was created in 1980 with a view to fostering joint ventures between such institutions in Canada and their counterparts in the Third World. By providing funding to these groups, the program helps to cultivate activities that can lead to mutual enrichment and an increased ability on the part of developing nations to achieve social and economic progress.
155. Some 644 projects covering all regions of the world and all major sectors of development co-operation were active in 1981-82, with total CIDA disbursements amounting to \$41 million. About one-third of these projects were in the education sector.

IX. OTHER ASPECTS OF DEVELOPMENT CO-OPERATION

(a) Measures to Encourage Development of the Private Sector

(i) Associated Financing Arrangements

156. In recent years, Canadian exporters have argued that they have been experiencing increasing competition from exporters of other major industrialized countries by virtue of the variety of export promotion subsidies, including "credit-mixte" financing, provided by those countries. As we noted in our memoranda for 1979 and 1980, the Export Promotion Review Committee (Hatch Committee) reviewed the issue and submitted its report in 1979.
157. An important outcome of the Hatch Committee recommendations was the announcement by the Government of the "credit-mixte" matching program, to be administered by the Export Development Corporation (EDC). The existence of foreign "credit mixte" competition must be established and Government approval obtained before the concessional "tranche" is made available from the EDC.
158. CIDA on the other hand is involved in parallel financing of projects whereby the Agency funds a developmentally sound portion of a joint CIDA/EDC-financed initiative. In such instances, the "aid" component maintains its distinct identity (i.e., terms and conditions), as compared to the primarily "export promotion" component which is financed by the EDC, in a separate loan agreement.

(11) Co-Financing with Arab/OPEC Donors

Policy/Rationale

159. Canada, like most other western industrialized countries, is interested in co-operating more closely with key Arab aid agencies in the field of development assistance. Efforts to promote a closer working relationship between CIDA and the Arab financial institutions are now underway.
160. Since the emergence in the early 1970s of a number of Arab/OPEC countries as major aid donors, Canada has sought to establish working arrangements with key Arab aid agencies with the eventual objective of greater co-financing of development projects.

The rationale behind Canadian support for co-financing includes:

- Institutional: Co-financing of large projects which are beyond the capacity of any single donor.
 - Developmental: Canada wishes to encourage Arab donors to play a more active role in international development which meets the priority needs of LDCs. Since Canada's aid program is largely responsive to LDCs' needs, co-financing with Canada can be attractive to Arab-OPEC aid agencies.
 - Commercial: Co-financing with Arab aid agencies in sectors where Canadian industry is internationally competitive may lead to mutually beneficial transactions.
161. During the past year, CIDA has held a number of bilateral meetings with Arab donors. Visits were arranged during 1981-82 to the Saudi Development Fund, the Islamic Development Bank, the Kuwait Fund and the Arab Fund. Such initiatives will be continued in the future.

Programs and Achievements

162. Some 33 projects are being co-financed^{1/} by CIDA, Arab/OPEC donors, DAC members and international financial institutions. These projects are distributed over 29 countries in Asia, Africa, and Latin America. Collectively, they represent a total cost of about U.S. \$6.0 billion, and involve nearly U.S. \$680 million in Canadian bilateral ODA. Fourteen of the above projects are in Francophone Africa, nine in Anglophone Africa, nine in Asia, and one in Latin America. The geographic distribution of these projects is as follows:

^{1/} Or under discussion.

	<u>Countries</u>	<u>Projects</u>
Francophone Africa	13	14
Anglophone Africa	11	9
Asia	4	9
Latin America	<u>1</u>	<u>1</u>
<u>TOTAL</u>	29	33

These projects are mainly in the energy (hydroelectric) and transportation sectors - sectors of special interest to Arab/OPEC donors.

(iii) Voluntary Agencies and Trade Unions

NGO Program

163. A key characteristic of CIDA's NGO program is its ability to offer more flexible and innovative development assistance than is normally possible on a bilateral basis and to tap, for development purposes, the wide range of expertise and services which reside in the non-governmental sector. Furthermore, the program is designed to assist Canadians to establish co-operative action initiatives as equals with people in developing countries, and to activate an awareness of development issues among the Canadian public.
164. A new initiative was established in 1980-81 - the South Asia Partnership Fund whose main objective was to assist small Asian NGOs which have no links with Canadian funding agencies, and to provide a faster and more flexible response to indigenous NGOs seeking financial support for small-scale, self-help projects, predominantly in the rural sector. The program became fully operational in 1981-82. In view of its success, the NGO Division will study the possibility of establishing similar programs in other areas.
165. In fiscal year 1981-82, the NGO program contributed \$45.7 million in support of the work of some 174 Canadian NGOs which carried out over 1,984 projects in some 115 developing countries. During the same period, \$4.0 million was directed to 305 NGO projects for development education in Canada. Priority sectors for NGO activity overseas were education, community development, health and population, and food production.

International NGO Program

166. The INGO program collaborates in the development activities of international non-profit and voluntary organizations through grants and contributions. No major changes were introduced in the program in 1981. Fifty-four organizations were assisted under the program in that year, with disbursements totalling \$8.3 million.

Trade Unions

167. In fiscal year 1981-82, the Institutional Co-operation and Development Services (ICDS) Division of CIDA provided financial support of over \$0.5 million for the international development projects of Canadian labor organizations. The major portion of this was directed toward projects of the Canadian Labour Congress (CLC). Notable among these projects were: the placement of five CLC staff in regional offices in Asia, Anglophone Africa, Francophone Africa, the Caribbean and Latin America, to carry out development planning, monitoring and evaluation functions; the provision of follow-up training for 78 Central and South American trade union monitors who had received initial training under previous projects for the purpose of building up worker and adult education programs in their respective countries; the establishment of a trade union research service within the Caribbean Labour Congress; and the development of the Commonwealth Trade Union Congress (CTUC) to promote the interests of workers in Commonwealth developing countries.
168. Assistance was also provided in the same year to the Confédération des Syndicats Nationaux for the implementation of training and education projects with large labor union organizations in Liberia and Bangladesh.

(iv) Private Sector and Transfer of Technology

169. The Industrial Co-operation Program^{1/} of CIDA provides for two initiatives to encourage the participation of the private sector in the transfer of technology: the Canadian Technology Transfer Facility (CTTF) and the Canadian Renewable Energy Facility (CREF).

Canadian Technology Transfer Facility

170. This program applies to both process and product technology of two types:
- stable technology - technology in which the pace of change is relatively slow but for which refinements or adaptations may be required to meet particular environmental considerations; and
 - unstable technology - technology in which the pace of change is so rapid that new generations of technology occur frequently and are often remarkably different from their

^{1/}The Industrial Co-operation Program consists of a variety of flexible instruments whose objective is to encourage the involvement of the Canadian private sector in the development of Third World countries.

immediate predecessors, but nevertheless at each stage may offer significant advantages for implementation or replacement of previous technology.

171. The purpose of the program is to enable Canadian firms to test and adapt their technology in developing countries as a lead-in to long-term co-operation with their developing country counterparts. The program provides for maximum funding of \$250,000 per project, for up to 75 per cent of the net costs of a test/demonstration in an eligible developing country.

Canadian Renewable Energy Facility

172. The purpose of this program is to enable Canadian manufacturers in the field of renewable energy to test and adapt their technology in developing countries as a prelude to technology transfer. The program provides for maximum funding of \$250,000 per project, for up to 100 per cent of the net costs of a test/demonstration in an eligible developing country^{1/}.

(b) Trade with Developing Countries

(i) Recent Trends

Tables IX-1 and IX-2 summarize Canada's trade with developing countries.

173. Canada's exports to developing countries (Table IX-1), excluding OPEC countries, rose from 7.9 per cent of total exports in 1979 to 9.0 per cent in 1981, after reaching a level of 9.8 per cent in 1980. The decrease registered between 1980 and 1981 was largely due to a decline in the exports to newly-industrializing countries. Exports to OPEC countries remained relatively stable during the period. Exports to developing countries as a whole showed a modest increase in the period.

174. Canadian imports from developing countries (Table IX-2), excluding OPEC countries, rose from 6.2 per cent in 1979 to 7.6 per cent in 1981. Imports from developing countries as a whole increased by 3 per cent during the same period, i.e., from 11.6 per cent to 14.6 per cent. This increase was largely due to a rise in the volume of imports from NICs and OPEC countries.

(ii) Steps to Facilitate Market Access

175. The Trade Facilitation Office (TFO), funded by CIDA, has a mandate to provide practical assistance to the developing countries in promoting their exports to Canada. In responding to the needs of LDC commercial representatives, TFO provides assistance through trade seminars, market information, importer lists, itinerary planning and for participation in trade fairs.

^{1/} See also Section VIII (d) above.

TABLE IX-1 Canadian Exports to Developing Countries, by Income Group,
1979-81

Income Group ^{1/}	EXPORTS					
	1979		1980		1981	
	<u>\$ Million</u>	<u>%</u>	<u>\$ Million</u>	<u>%</u>	<u>\$ Million</u>	<u>%</u>
Low-income countries	1,685.33	2.6	2,409.94	3.2	2,455.20	3.0
Middle-income countries	1,385.70	2.1	1,826.00	2.4	2,056.46	2.5
NICs	1,978.63	3.1	3,019.06	4.1	2,760.21	3.4
Other developing countries	66.30	0.1	42.53	0.1	61.55	0.1
SUB-TOTAL (excluding OPEC)	5,115.96	7.9	7,297.53	9.8	7,333.42	9.0
OPEC	1,452.38	2.3	1,835.24	2.5	2,051.92	2.5
SUB-TOTAL (including OPEC)	6,568.34	10.2	9,132.77	12.3	9,385.34	11.5
Other countries	57,748.96	89.8	65,126.57	87.7	71,843.00	88.5
<u>TOTAL</u>	64,317.30	100.0	74,259.34	100.0	81,228.34	100.0

Source: Statistics Canada. Quarterly Reports 65-006 and 65-003,
January - December 1981.

^{1/} See Section VI (a) above.

TABLE IX-2 Canadian Imports From Developing Countries, by Income Group,
1979-81

Income Group ^{1/}	IMPORTS					
	1979		1980		1981	
	<u>\$ Million</u>	<u>%</u>	<u>\$ Million</u>	<u>%</u>	<u>\$ Million</u>	<u>%</u>
Low-income countries	702.30	1.1	708.69	1.0	812.97	1.0
Middle-income countries	1,264.94	2.0	1,560.33	2.3	1,824.81	2.3
NICs	1,924.29	3.1	2,170.43	3.1	3,313.88	4.3
Other developing countries	11.18	0.0	11.12	0.0	23.10	0.0
SUB-TOTAL (excluding OPEC)	3,902.71	6.2	4,450.57	6.4	5,974.76	7.6
OPEC	3,416.25	5.4	5,220.56	7.6	5,523.50	7.0
SUB-TOTAL (including OPEC)	7,318.96	11.6	9,671.13	14.0	11,498.26	14.6
Other countries	55,551.74	88.4	59,456.53	86.0	67,377.60	85.4
<u>TOTAL</u>	62,870.70	100.0	69,127.66	100.0	78,875.86	100.0

Source: Statistics Canada. Quarterly Reports 65-006 and 65-003, January - December 1981.

^{1/} See note for Table IX-1.

176. Trade seminars organized in 1981 by the TFO, in co-operation with other organizations, gave information on the following:
- Canadian market for fruits and vegetables - February 1981, for LDC client country commercial representatives.
 - Canadian market for fresh cut flowers and tropical plants - May 1981, for LDC client country commercial representatives.
 - Canadian customs, Generalized System of Preferences (GSP), packaging and labelling requirements - April 1981, for trade representatives from 19 LDCs, organized in collaboration with the World Trade Center (WTC), Toronto, and the International Trade Center (ITC)^{1/}, Geneva.
 - Canadian Trade Commissioner Service (TCS) - September 1981, for 25 Trade Commissioners from the People's Republic of China, organized in co-operation with the Department of Industry, Trade and Commerce and International Trade Center.
177. Further market information on fruits and vegetables was made available to interested developing countries by means of a survey, including use of U.S. broker distribution, released in August 1981. A study of export opportunities in the Caribbean was completed in October/November 1981. Also, itineraries were arranged for several ITC-sponsored missions to Canada.

^{1/} Canada provides financial support to the ITC through CIDA's Multilateral Program. These contributions amounted to \$600,000 in 1980 and \$660,000 in 1981.



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MEMORANDUM OF CANADA TO THE
DEVELOPMENT ASSISTANCE COMMITTEE
OF THE ORGANISATION FOR ECONOMIC
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I. INTRODUCTION

1. The 1980s are difficult times for virtually all countries - aid donors and recipients alike. The complex forces at work in the world economy are particularly costly to Third World countries. Although development assistance can, to some degree, offset such forces, its growth has been rather sluggish in recent years.
2. The Canadian response to this environment of general economic malaise reflected an attempt at a balance between efforts to deal with high rates of domestic inflation and unemployment on the one hand and, on the other, the Government's commitment to international development co-operation. Through its June 1982 budget and subsequent initiatives, the Government has sought, along with fiscal restraint, to reallocate public expenditures so as to devote more resources to domestic employment creation measures. While this has had some impact on all major programs, the Government's commitment to development assistance generally, and the objective of an Official Development Assistance/ Gross National Product (ODA/GNP) ratio of 0.5 per cent by 1985-86 in particular, remain unchanged.
3. This suggests that the importance Canada attaches to such traditional dimensions as volume and quality of development assistance has far from diminished; rather, they were strengthened with a growing focus on the effectiveness of the aid program. Correspondingly, Canada continues to support the need for better co-ordination of aid efforts at the international level, exploration of the ODA program for its potential to promote new economic co-operation arrangements and a more active "policy dialogue" which would demonstrate the positive benefits that can accrue from it. The on-going activities and new initiatives during 1982 outlined in this Memorandum reflect this broad thrust of Canada's development co-operation policy.

II. OFFICIAL DEVELOPMENT ASSISTANCE (ODA) VOLUME, COMPOSITION AND FINANCIAL TERMS

(a) Resources for ODA

(i) Evolution of ODA Disbursements and Commitments

4. Net disbursements of official development assistance amounted to \$1,476 million in 1982, compared with \$1,425 million in the previous year. However, with recent revisions in GNP estimates, there has been a small decline in the ODA/GNP ratio between the two years - from 0.42 per cent (revised from the 0.43 per cent reported in our Memorandum for 1981) to 0.41 per cent (Table II-1). On the other hand, it should be noted that the 1982 disbursements data excluded a portion of "nominal" ODA for that year. The lower ODA/GNP ratio was the combined result of this and an upward revision of GNP data (see paragraphs 7 and 17).

TABLE II-1

Official Development Assistance, 1981 and 1982

<u>Program</u>	(\$ Million) ^{1/}			
	<u>Disbursements (net)</u>		<u>Commitments</u>	
	<u>1981</u>	<u>1982</u>	<u>1981</u>	<u>1982</u>
OFFICIAL DEVELOPMENT ASSISTANCE	1,424.5	1,476.3	1,784.6	1,744.3
BILATERAL	894.5	1,019.8	1,211.8	995.5
Grants	588.6	747.1	741.5	797.6
Project & Program Aid	225.3	288.5	524.3	502.1
Technical Assistance	146.1	170.8	n.a.	n.a.
Food Aid	84.4	124.9	84.4	124.9
International Non-Governmental Organizations (INGOs)	13.0	14.8	13.0	14.8
Emergency Relief (other than food)	15.5	25.8	15.5	25.8
International Development Research Centre (IDRC)	45.6	52.1	45.6	59.8
Administrative Costs	58.7	70.2	58.7	70.2
Loans	305.9	272.7	470.3	197.9
of which: Food Aid	7.5	6.6	7.5	6.6
MULTILATERAL	530.0	456.5	572.8	748.8
Grants	220.8	272.7	229.4	290.4
of which: Food Aid	103.2	133.2	103.2	133.2
Loans	(-) 0.02	(-) 0.02	-	-
Capital Subscriptions and Contributions (Advances)	309.2	183.8	343.4	458.4
ODA/GNP Ratio ^{2/}	0.42	0.41		

Source: DAC Questionnaire (1981 and 1982), Table 1.

1/ All data in this Memorandum are expressed in Canadian dollars unless otherwise indicated. Where shown in U.S. dollars, the following exchange rates suggested by the DAC Secretariat are used: for 1981, U.S. \$1 = C \$1.1989; for 1982, U.S. \$1 = C \$1.2337.

2/ Revised GNP estimates for 1981 and 1982 were \$339.1 billion and \$356.6 billion respectively.

n.a. Not available.

(ii) Share of ODA in Federal Government Budget

5. Development assistance has represented a relatively stable share in total Federal Government expenditures in recent years. In fiscal year 1982-83, the aid program accounted for 2.12 per cent (\$1,724 million) in a total federal budget of \$81.15 billion.
6. In our Memorandum for 1981, we referred to the Federal Government's "Policy and Expenditure Management System" (PEMS) which, among other objectives, helps establish specific expenditure limits, or "resource envelopes", for major policy sectors, and allocates envelope resources among the constituent departments and agencies. Relative magnitudes of the major expenditure envelopes within the Federal Government budget for the three most recent fiscal years, and of "development assistance" within its particular envelope for the same period, are shown in Table II-2.

(iii) ODA Pipeline

7. Disbursements under the bilateral program amounted to \$1,019.8 million in 1982 (69.1 per cent of total ODA), compared with \$894.5 million (62.8 per cent of total ODA) in 1981. Correspondingly, there has been a decline in multilateral disbursements - from \$530.0 million to \$456.5 million. This was not a reflection of any shift in emphasis in Canadian Government policy as regards multilateral institutions. Rather, as the legislation authorizing contributions to international financial institutions (IFIs) did not receive Parliamentary approval in calendar year 1982, the amounts involved could not be reported as part of multilateral disbursements for that year. Our Memorandum for 1983 will reflect the result of these adjustments.
8. Total aid commitments in 1982 registered a modest increase over the previous year, to \$1,744.3 million. This was the combined result of a decline in bilateral commitments and a corresponding increase in commitments under the multilateral program.^{1/}

(iv) Current Prospects for ODA Disbursements

9. Assistance to developing countries is estimated to be of the order of \$1,812 million in fiscal year 1983-84 (compared with actual disbursements of \$1,724 million in 1982-83). Further real growth in the aid program is expected in future years as Canada moves toward its commitment to devote 0.5 per cent of its GNP to ODA by 1985. In

1/ Data on bilateral commitments relate only to new commitments made during the year and which were still active at year-end, regardless of whether all these funds were disbursed in the same year or were spread over several subsequent years. In contrast, multilateral commitments show amounts not yet reported as committed but to be disbursed before the end of the period covering the reporting year and the following year, regardless of when the original pledge was made.

TABLE II-2

Share of ODA in Federal Government Budget,
1980-81 to 1982-83

<u>Expenditure</u> <u>"Envelope"</u>	<u>1980-81</u>		<u>1981-82</u>		<u>1982-83</u>	
	<u>\$ Million</u>	<u>%</u>	<u>\$ Million</u>	<u>%</u>	<u>\$ Million</u>	<u>%</u>
Social Affairs	24,633	42.04	27,579	40.02	32,514	40.07
Public Debt	10,687	18.24	15,168	22.01	17,265	21.27
Economic Development	5,183	8.85	6,899	10.01	8,980	11.07
Defence	5,058	8.63	6,031	8.75	6,944	8.56
Energy	3,624	6.19	1,608	2.33	3,676	4.53
External Affairs	1,421	2.43	1,702	2.47	2,189	2.70
of which:						
Assistance to Developing Countries	1,231	2.10	1,465	2.13	1,724	2.12
Other "Envelopes"	7,983	13.62	9,926	14.41	9,582	11.80
Total Federal Government <u>Budgetary Outlays</u>	<u>58,589</u>	<u>100.00</u>	<u>68,913</u>	<u>100.00</u>	<u>81,150</u>	<u>100.00</u>

Source: Canada. Estimates, 1983-84, Part I: "The Government Expenditure Plan".

addition, efforts toward reaching a target of 0.7 per cent of GNP by the end of the decade (to which reference was made in our Memorandum for last year), continue to constitute the general direction of Government policy in the matter.

(b) Composition of ODA by Major Programs

10. We referred in our Memorandum for 1981 to the disproportionate growth in certain components of the aid program in the mid-1970s. As a result, the impact of the budgetary restrictions of the late 1970s was uneven in view of the different parameters which govern the various program channels. The objective of the initiatives we noted last year was in part to ensure a more appropriate balance among the various components of the aid program. More importantly, it reflects the growing appreciation in Canada of certain forms of aid not only in enhancing developmental and national interests, but also in ensuring continued public support for the aid program. The broad thrust of Government policy derives from this.
11. The relative shares of the major programs in total ODA for the past two years are shown in Table II-1.

(c) ODA Terms and Conditions

12. The focus of Canada's development assistance continues to be on the poorest countries of the Third World (see Section VIII). The assistance is provided in the form of either grants or loans on highly concessional ("soft") terms (i.e., 0-10-50 - no interest, 10-year grace period, and 50 years to maturity). The aid program also provides for loans on other terms, depending on the recipient concerned and the purpose of the assistance.
13. Canada made 19 loan agreements with developing countries in 1982. These represented total commitments of \$197.9 million.
14. Of these, 17 loans were extended on 0-10-50 terms. Two loans (one to Barbados and the other to Jamaica) were made on "more rigorous" (3-7-30) terms.
15. Loans represented 11.3 per cent of total ODA commitments in 1982 as compared to 26.4 per cent in 1981. The "grant element"^{1/} of these

1/ "Grant element" is a measure of a loan's degree of concessionality. It is the difference between the face value of the loan and the discounted present value (using generally a market rate of 10 per cent) of service payments over the loan's life-time, expressed as a per cent of the face value. For example, the grant element of a 10 per cent loan is zero; it is 100 per cent in the case of a contribution; and it falls in between these limits for concessional loans. Thus, Canada's 0-10-50 loans have a grant element of 90.3 per cent. The "harder" 3-7-30 and 5-5-20 loans carry grant elements of 55.2 per cent and 33.1 per cent respectively. Transfers which have a grant element of less than 25 per cent are not considered "official development assistance".

loans was 89.2 per cent in 1982 and 89.3 per cent in the previous year. Correspondingly, ODA commitments with 100 per cent grant element constituted 88.7 per cent of the total in 1982 and 73.6 per cent in 1981. The overall grant element of Canada's ODA registered an increase between the two years - from 97.4 per cent in 1981 to 98.8 per cent in 1982.

(d) Follow-up to 1981 UN Conference on Least Developed Countries (LLDCs)

16. As noted in our Memorandum for 1981, Canada undertook, at the above Conference and subsequently at the 37th UN General Assembly, to provide 0.15 per cent of its GNP as ODA to LLDCs in the coming years. Canada continues to be committed to this target.
17. In 1982, the first full year after the UN Conference, Canadian aid to LLDCs would have been 0.14 per cent of GNP (up from 0.11 per cent in 1981) if the legislation enabling our payments to International Financial Institutions (IFIs) had been passed during the calendar year. With the legislation now in place, progress toward the 0.15 per cent target is expected to be more consistent in the coming years.

III. PUBLIC OPINION AND INFORMATION

(a) Public Opinion and Development Co-operation

18. Canada's approach to development assistance reflects a blend of humanitarian, economic and political motivations. This was only reinforced by the recent world recession which has hurt the low-income countries most, by further widening the gap between the rich and poor countries, and by perpetuating conditions of absolute poverty. On the other hand, it is perhaps only inevitable that in circumstances of global recession, serious domestic economic hardship and restraint in government expenditures, a number of complex questions of direct relevance to the aid program surface, for example: are development efforts producing beneficial results? how does the aid program help to realize domestic priorities? which countries should receive Canadian aid, taking into account our national and international concerns?
19. There are no easy, simple answers to these questions. Nevertheless, such questions must continue to be raised so as to ensure that our aid program is responsive to our domestic as well as international objectives. Public support for the program is an essential ingredient in the search for practical and credible answers to these questions.
20. The initiatives to which we referred in our 1981 Memorandum have helped significantly toward overcoming some of the general misconceptions about the aid program - for example, the size, growth and objectives of the resource transfers and the mutual benefits that flow from them. Such efforts have also contributed toward a more informed public debate on the issue of international development co-operation.

21. We also noted earlier that the 1981 public opinion survey, which followed a more limited effort in the previous year, revealed a higher degree of general awareness of the aid program and of the role of CIDA itself. A second series of surveys was initiated in 1982. An analysis of the broad trends emerging from these experiments will be included in our 1983 Memorandum.

(b) Measures to Enhance Public Awareness

(i) Parliamentary Committees

22. Canadian Parliamentarians continued to contribute significantly to the formation of public opinion in support of the development assistance program. The activities of the Sub-Committee on Canada's Relations with Latin America and the Caribbean represented one of the means of achieving this. The Sub-Committee travelled extensively in the region, held several meetings, and heard testimony from a large number of witnesses from every walk of life. Its final report, tabled in November 1982, contained a number of aid-related recommendations. Notable among these were the focus in the report on support for regional and international institutions and non-governmental organizations, which are very effective in addressing problems of persistent poverty in most countries of the region, and the direct link the report proposed between development assistance and a country's human rights performance.
23. Members of Parliament also regularly participate in Ministerial visits to developing countries, and serve on Canadian delegations to sessions of the United Nations General Assembly and other international bodies which deal with aid matters.
24. In addition, the regular meetings of the Standing Committee on External Affairs and National Defence provide a continuing forum for public exchanges on the effectiveness of the aid program and a variety of related development assistance policy issues.

(ii) Public Information Programs

25. In 1982, the Agency's Public Affairs Branch underwent a major review of its general orientation and activities. This was prompted by the belief that the earlier public information efforts, which were highly centralized and focussed on media and interest groups at a national level, needed to be complemented with a regional focus as a means of establishing closer links between Canada's foreign aid program and the many individuals and private firms across the country whose co-operation is indispensable for the effective administration of the aid program.
26. Reflecting this new focus, in the planning and implementation of information programs, development assistance will henceforth be presented in terms of the "neighbour" who is a co-operant/technical adviser in, for example, Bangladesh, or a local factory which

manufactures equipment for use in Tanzania. Such a "personal" base should serve as a stronger foundation on which the broader notions of mutuality of interest and global interdependence can be built.

(iii) Public Participation Program

27. As we noted last year, the objective of this program is to assist non-governmental organizations, institutions and community groups throughout Canada in their efforts at reaching and enlisting the participation of Canadians in the complex issues of international development with a view to:
- promoting better awareness among the Canadian people of development issues;
 - encouraging greater public interest and involvement in international development; and
 - stimulating increased flows of development assistance from the private sector.
28. Although the size of resources involved continues to be modest, results to date indicate that the program has been able to reach large numbers of Canadians, from every walk of life and every region of Canada. The program has grown from some 35 projects in 1971-72, its first year, to nearly 600 in 1982-83, with annual contributions from CIDA rising from \$0.6 million to \$5.3 million over the period.

IV. IMPLICATIONS OF DEVELOPING COUNTRY
ECONOMIC SITUATION FOR AID
ORIENTATION AND ALLOCATION

(a) General Budgetary Flexibility

29. Our 1981 Memorandum outlined at some length the Government's new "Public Expenditure Management System" (PEMS) which represents an integrated approach to public expenditure planning, with a built-in capacity to respond to evolving priorities through the required resource reallocation. The Strategic Overview, Multi-Year Fiscal Plan, Multi-Year Operational Plan and the Main Estimates constitute the principal elements of PEMS, and they are prepared/up-dated each year.
30. Starting in 1984, CIDA will introduce a new dimension in the "Main Estimates" (the Government's spending proposals for the upcoming fiscal year) - the "Agency Expenditure Plan" (AEP). The purpose of this will be two-fold:
- to increase the visibility, to Parliament and the general public, of the objective of the various components of the aid program - through a more detailed format than in the past for requests to Parliament for funds;

- to increase accountability of the Agency.

31. With a view to increasing the flexibility of the aid program, the Canadian Government is considering changes to the process of budgetary control by reducing the number of "allotments" (i.e., expenditure categories) into which the CIDA budget is divided. This consolidation will increase the extent to which the Agency can transfer funds from one "program component" to another (e.g., from "industrial co-operation" to "institutional co-operation"), while staying within the same allotment. The result of this will be an improvement in CIDA's ability to respond quickly to changing circumstances.

(b) Non-Project Aid and Special ODA Resource Transfers

32. Non-project aid consists of a wide range of instruments. They are used selectively, in response to the particular needs of the situation, and in a manner so as to effectively complement other resource transfer mechanisms. The more important among such instruments are: lines of credit, food aid, and emergency and distress relief. Table III-1 summarizes the activities in 1981 and 1982.
33. Special ODA resource transfers consist of such measures as debt re-scheduling and emergency balance of payments stabilization loans. They are not part of the regular development assistance program.
34. In the case of countries with severe balance of payments problems, before providing emergency assistance the usual practice is to require that the country concerned have in place an agreement with the International Monetary Fund (IMF) regarding an appropriate economic stabilization and adjustment program.

(c) Debt Relief

35. While the international liquidity crisis is indeed seriously affecting developing countries (both countries which have acquired significant debt and others which remain too poor to obtain credit), ODA is not, on the whole, seen as the best instrument to deal with such short-term problems. Co-operation among debtor and creditor countries, international financial institutions and commercial lenders, together with policies aimed at strengthening world economic recovery and the adoption of suitable adjustment programs, appear to be the most important elements in effectively addressing these problems.

TABLE III-1

Non-Project Aid and Special ODA Resource
Transfers (Contributions Not Allocable by
Sector), 1981 and 1982

<u>Category</u>	<u>(\$ Million)</u>			
	<u>Commitments</u>			
	<u>1981</u>		<u>1982</u>	
	<u>Grants</u>	<u>Loans</u>	<u>Grants</u>	<u>Loans</u>
1. To finance current imports:	116.8	108.3	138.0	-
(a) Food aid	84.4	7.5	124.9	-
(i) General import program	83.4	7.5	124.9	-
(ii) Emergency food aid	1.0	-	-	-
(b) Goods and services specified by donor	32.4	100.8	13.1	-
2. Emergency and distress relief other than food aid	15.5	-	25.8	-
3. Contributions not directly linked to imports:	18.0	-	3.7	-
(a) General purpose contributions	18.0	-	3.7	-
(b) Contributions in support of current administrative budgets	-	-	-	-
4. Debt re-organization	-	3.7	-	47.0
5. Balance of payments stabilization loans	-	17.2	-	-
6. Other	97.3	-	-	-
<u>TOTAL</u>	<u>247.6</u>	<u>129.2</u>	<u>167.5</u>	<u>47.0</u>

Source: DAC Questionnaire (1981 and 1982), Table 5.

36. The focus of development assistance, as a high quality and scarce resource, is thus on the medium and long-term development investment priorities. Furthermore, regardless of the strength and speed of economic recovery, effective management of the cyclical forces will not resolve the structural problems of developing countries - problems which are particularly important for the poorest countries. In other words, international economic recovery will indeed have positive effects on the international financial system; but for the poorest countries, development assistance will continue to be critical for stimulating their generally modest level and pace of capital formation.
37. While no new measures to deal specifically with debt relief are contemplated within the framework of our development co-operation with Third World countries, Canada is continuing its policy of concentrating the bulk of its highly concessional development assistance on low-income countries and of providing development assistance to LLDCs on an all-grant basis.

V. AID AND THE DOMESTIC ECONOMY

(a) Tying Policy and Procurement Regulations

38. Canadian policy on tying of ODA to domestic procurement was liberalized in 1970, and has remained essentially unchanged since that time. It provides for the untying of all multilateral assistance (with the exception of food aid), transportation costs, and 20 per cent of bilateral assistance. For the bilateral program, untying authority refers to the program as a whole, not to individual projects. This means that for specific projects, untying up to 100 per cent of their costs is possible as circumstances warrant.
39. Present Canadian policy on tying represents a compromise between two sets of opposing factors. On the one hand, it has been argued that tied aid can potentially lead to some unfavourable cost structures for the recipient country, and possibly some distortion in the country's priorities due to the restriction to purchase Canadian goods and services. On the other hand, a substantial degree of tying appears to be a prerequisite for effective public support for the Canadian aid program, given, in particular, the significant proportion of (untied) ODA provided through multilateral channels.
40. Reflecting the need for a realistic balance between these two considerations, in planning programs and projects, appropriate attention is given to minimizing the developmental costs of tying by selecting projects or project components where Canadian suppliers are internationally competitive, and by ensuring that suitable competitive bidding practices are followed.

41. Under the regulations governing the procurement of goods and services financed by the aid program, either the Canadian Government (or its agent) may manage the procurement, or the government of the recipient country (or its agent) may be permitted to do it, under the general supervision of the Canadian Government. Procurement financed by loans is, with few exceptions, delegated to the recipient country; procurement financed by grants is generally handled by the Canadian Government.
42. In the case of Canadian Government procurement, tenders for goods contracts must, with few exceptions, be invited either by advertising in one or more newspapers or from a list of suppliers of the required goods. There is also the requirement that these goods contain a minimum of 66 2/3 per cent Canadian content. A different set of criteria govern the procurement of professional services. As for recipient procurement, tenders must generally be called from a representative list of manufacturers in accordance with recognized commercial practices.

(b) Associated Financing

43. Canada has concurred with the guidelines proposed by the Development Assistance Committee for the use of ODA in association with export credits and other market funds.^{1/}
44. From time to time, CIDA enters into parallel financing of projects with the Export Development Corporation where: (a) the CIDA component constitutes a valid development investment; and (b) the project carries a high order of priority in the recipient country's development program.

(c) Domestic Impact of the Aid Program

45. Over the past two years, considerable attention has been focussed in Parliament, the press, the business community and in the labour movement on the domestic impact of the aid program. It is increasingly being recognized that while the economic and social development of the developing countries, together with an equitable distribution of the benefits of progress, remain the central focus of the Canadian aid program, adequate attention must also be given to the impact of aid expenditures on Canadian employment and output.

^{1/} "DAC Guiding Principles for the Use of Aid in Association with Export Credits and Other Market Funds". (To be finalized in 1983).

46. Although the impact on Canadian employment is generally a factor considered during project design and approval, there are no specific measures in the aid program designed to strengthen domestic employment generation. This is not to say, of course, that domestic economic impact is viewed as unimportant but, instead, that primacy is given to the "aid" objective in the selection and design of projects. In other words, the main goal of the aid program remains "development", and its contents are determined primarily on the basis of the needs of the developing countries.

VI. MULTILATERAL CONTRIBUTIONS

47. Canada has traditionally contributed a significant proportion of its ODA through multilateral channels, both in absolute terms and in comparison with other donors. The Government's general approach in this regard reflects, in part, the need for proper balance between the various components of the ODA program and, in part, the increased emphasis in recent years on bilateral assistance, both through government-to-government and non-governmental channels, in view of the perceived effectiveness of such forms of aid not only in serving developmental and national interests, but also in ensuring public support for the aid program.
48. Disbursements of multilateral assistance for 1981 and 1982, by recipient category, are shown in Table VI-1. They represented 37.2 per cent and 30.9 per cent respectively of total ODA in the two years.^{1/}

(a) Multilateral Financial Institutions

49. Canada is a major supporter of the International Financial Institutions (IFIs), and this is expressed by their share in Canada's total ODA which is projected to be in the range of 18-20 per cent over the next few years.

^{1/} See Section II (iii) above.

Table VI - 1

Multilateral Assistance Disbursements,
by Recipient, 1981 and 1982

	<u>(\$ Million)</u>	
<u>Category/Recipient Organization</u>	<u>1981</u>	<u>1982</u>
Capital Subscriptions (Investments):	21.1	37.9
Caribbean Development Bank (CDB)	0.8	1.1
International Finance Corporation (IFC)	4.2	4.3
Asian Development Bank (AsDB)	9.1	0.9
Inter-American Development Bank (IDB)	7.0	2.1
International Bank for Reconstruction and Development (IBRD)	-	29.0
African Development Bank (AfDB)	-	0.5
Loans and Contributions (Advances):	288.1	146.0
African Development Fund (AfDF)	30.0	-
Asian Development Bank (AsDB)	56.7	-
Caribbean Development Bank (CDB)	5.9	3.0
Inter-American Development Bank (IDB)	19.4	-
International Development Association (IDA)	176.1	143.0
Grants:	220.8	272.6
World Food Program (WFP)	98.7	128.9
United Nations Development Program (UNDP)	45.0	51.0
United Nations High Commissioner for Refugees (UNHCR)	4.0	4.6
United Nations Relief and Works Agency for Palestinian Refugees (UNRWA)	7.3	7.8
United Nations International Children's Emergency Fund (UNICEF)	10.0	12.0
United Nations Fund for Population Activities (UNFPA)	7.7	9.5
International Fund for Agricultural Development (IFAD)	-	14.0
Consultative Group on International Agricultural Research (CGIAR)	9.1	10.2
Other United Nations Agencies	12.3	19.5
Other Multilateral Organizations	26.4	15.1
Regional Development Banks	0.3	-
<u>TOTAL</u>	<u>530.0</u>	<u>456.5</u>

Source: DAC Questionnaire (1981 and 1982), Table 2A.

50. Our general position with respect to the IFIs reflects, among others, their demonstrated developmental impact, Canada's overall support for multilateral institutions, the evolving mix of our program delivery channels, and a variety of historical and political factors. For example, our significant position in the Caribbean Development Bank (CDB) is consistent with our historical ties with the region and the importance which Canada attaches to a blending of multilateral and bilateral approaches and mechanisms to the development problems faced by the Commonwealth Caribbean.

(b) UN Agencies and Programs

51. Through CIDA, Canada funds some 35 programs within the UN network of institutions, the Commonwealth, "la francophonie", and the system of international agricultural research centres. Through the provision of core financing to certain organizations, Canada seeks to maintain a strong network of multilateral technical co-operation institutions. This is done in the belief that such institutions can bring to bear resources which individual donors cannot in the resolution of major development problems, and that they complement the more capital-oriented activities associated with bilateral programs and IFIs.
52. Decisions related to the funding of multilateral institutions or programs are based on certain guiding principles. These include:
- support for the central development funds;
 - capacity of the institution to deliver development programs efficiently and effectively;
 - priority to the poorest countries and the poorest segments of those countries;
 - promotion of efforts toward self-reliance and satisfaction of basic human needs; and
 - focus on major problems in the key sectors of agriculture, energy and human resources.
53. In line with these considerations, the major institutions for which Canada provides financial support are: (i) the United Nations Development Program (UNDP), which is by far the major recipient primarily because it is at the centre of efforts to co-ordinate technical co-operation within the UN development system, and because some 80 per cent of its resources are aimed at the poorest countries;^{1/} (ii) the Commonwealth Fund for Technical Co-operation (CFTC), also a major recipient in view of its role as a central funding mechanism within the Commonwealth, and the "Programme special de développement" (PSD) as it plays a similar role in "la francophonie"; and (iii) the

^{1/} In 1982, Canada also played an active role in the deliberations of the UNDP's Governing Council and its Intersessional Committee of the Whole on the issues of the Program's financing mechanisms and governing process.

International Fund for Agricultural Development (IFAD), the Consultative Group on International Agricultural Research (CGIAR - Table VI-2), the United Nations Fund for Population Activities (UNFPA) and the United Nations International Children's Emergency Fund (UNICEF) - all major recipients, largely because they deal with such priority world problems as food, population and the well-being of mothers and children.

(c) International Humanitarian Assistance

54. Under this program, Canada continues to provide support for humanitarian relief through international institutions and Canadian and international non-governmental organizations involved in such work. It is done, in part, through core-funding for such international humanitarian organizations as the International Committee of the Red Cross (ICRC), the United Nations High Commissioner for Refugees (UNHCR), and the United Nations Relief and Works Agency for Palestinian Refugees (UNRWA) and, in part, through the emergency and refugee relief capabilities in specific countries of such international organizations as the United Nations International Children's Emergency Fund (UNICEF) and of Canadian and international non-governmental organizations.
55. Work was also initiated during the course of 1982 toward a new policy on international humanitarian assistance. When completed (in 1983), the policy will set out the guiding principles for action in cases of natural or man-made disasters. The focus of the policy will be on the effectiveness, complementarity and coordination of the different mechanisms at the disposal of the Canadian Government in matters of humanitarian aid.

VII. CO-FINANCING

(a) Co-financing with Multilateral Development Agencies

56. Canada has undertaken extensive co-financing with multilateral agencies through both joint and parallel financing. Generally, to maintain procedural consistency and in order to observe statutory restrictions on procurement, Canada prefers to undertake "parallel" financing where a discreet service, project or portion of a project can be identified for financing. However, where an activity is felt to be of sufficient importance to the development program of an aid recipient country and where a multilateral agency has a particular capability of delivering the project, Canada is prepared to engage in "joint" financing.
57. Canada has lent its active support to efforts by the World Bank and the regional development banks to promote and expand their co-financing operations with official and commercial sources toward mobilizing additional financial resources for high quality developmental undertakings. While providing for a measure of coordination among donors' activities, such co-financing initiatives also permit individual donors to participate in projects which might be too large for any one donor in terms of the size of investment involved and/or of their complexity.

Table VI - 2

Distribution of Multilateral Assistance
to the Consultative Group on International
Agricultural Research (CGIAR),
1981 and 1982

<u>Program</u>	<u>(\$ Million)</u>			
	<u>Disbursements</u>		<u>Commitments</u>	
	<u>1981</u>	<u>1982</u>	<u>1981</u>	<u>1982</u>
International Maize and Wheat Improvement Centre (CIMMYT)	1.43	1.51	1.50	1.53
International Rice Research Institute (IRRI)	1.43	1.51	1.50	1.53
International Institute for Tropical Agriculture (IITA)	1.43	1.47	1.47	1.53
International Centre for Tropical Agriculture (CIAT)	1.27	1.44	1.45	1.53
International Crop Research Institute for Semi-Arid Tropics (ICRISAT)	1.17	1.44	1.45	1.51
International Potato Centre (CIP)	0.76	0.85	0.85	0.95
International Laboratory for Research into Animal Diseases (ILRAD)	0.60	0.65	0.65	0.75
International Centre for Agricultural Research in Dry Areas (ICARDA)	0.40	0.60	0.60	0.68
Others	0.57	0.73	0.73	0.81
<u>TOTAL</u>	<u>9.06</u>	<u>10.20</u>	<u>10.20</u>	<u>10.82</u>

Source: DAC Questionnaire (1981 and 1982), Tables 2A and 3A.

(b) New Institutional Arrangements -
Co-financing with Arab Aid Agencies

58. Canada is currently co-financing (or considering for co-financing) some 45 projects with Arab donors. These projects are in 35 countries in Africa, Asia and the Americas. They represent a total cost of over \$8.0 billion, and account for approximately \$1.0 billion in Canadian bilateral ODA. Many of these projects involve "parallel" financing of components of large projects developed by the World Bank. The projects are mainly in the hydroelectric energy and transportation sectors.
59. Canada has held a number of meetings over the past two years with Arab donors. During 1982, visits were also arranged to the Saudi Development Fund, Islamic Development Bank, Kuwait Fund, Arab Fund, Abu Dhabi Fund, OPEC Fund, and to the Arab Bank for Economic Development in Africa (BADEA). CIDA also established a new staff position - "Senior Adviser and Co-ordinator/Arab Liaison" - with the responsibility for continuing promotion of projects for co-financing with Arab donors.
60. During the IMF/World Bank meeting held in September 1982 in Toronto, the President of CIDA, together with other members of the Agency's senior management, met with the heads of Arab aid agencies. During this meeting, the Arab agencies were briefed on CIDA's policies and objectives, and discussions were held on programs and projects of mutual interest. This gathering represented the first meeting of its kind where the senior management of CIDA met with the key Arab financial institutions which constitute the "Arab Co-ordination Group".
61. Work was also launched during 1982 toward preparing a booklet entitled "CIDA and the Arab World: A Profile in Development Co-operation".^{1/} Its main objective is to help enhance the awareness in Canada and in the Third World of the nature, scope and activities of Arab aid agencies and institutions.

VIII. DISTRIBUTION OF BILATERAL AID

(a) Policy Considerations

62. The ODA eligibility framework adopted by the Canadian Government (to which we referred in last year's Memorandum) continued to serve as the basis for aid disbursement in 1982. The main elements of the policy are:
 - the concentration of ODA on the most needy countries;
 - the need for more co-ordinated, multidimensional approaches to bilateral relations with developing countries;
 - the need to recognize the emerging distinctions between fast-growing middle and high-income developing countries, less-industrialized countries, and the poorest and least developed countries; and to develop appropriate approaches to, and forms of co-operation with, each group.

^{1/} Published in 1983.

63. The eligibility framework thus reflects support for the objectives of self-sustainable economic and social development of developing countries, long-term commercial and political relationships, and the differentiation of co-operation strategies within the Third World, with special emphasis on the poorest groups.
64. The policy groups potential recipients of Canadian bilateral assistance into three categories. The categories are distinguished by the nature and intensity of Canadian interests in the countries - developmental, commercial or political - and by an operational approach defined by programming mechanisms:

Category I - "Core Countries"

These are major recipients of Canadian ODA with which Canada envisages a continuing and extensive relationship. Multi-year planning and programming is undertaken in these countries, and all forms of ODA instruments and delivery channels are used in the process.

Category II - "Selective Instruments Countries"

Assistance to these countries is intended to be characterized by flexibility, responsiveness and administrative ease. Multi-year programming is not undertaken in such countries. The category is composed essentially of middle-income countries where possibilities for long-term commercial and political links seem most promising. ODA instruments available for use in such countries include lines of credit, co-financing, and technical, industrial and institutional co-operation.

Category III - "Other Eligible Countries"

These are countries where Canadian development co-operation activity is minimal. Only assistance under the Mission Administered Funds (MAF) program, NGO projects, selective industrial and institutional co-operation activities, and food aid for humanitarian reasons is available in such countries.

65. The first full year of operation of this eligibility framework was 1982. While it is premature to draw any definitive conclusions from the short period of operational experience under it thus far, certain broad elements may be discerned; among them:
- the diversity and levels of institutional development of countries call for different instruments for achieving specific objectives;
 - administrative implications of the same aid instrument vary between countries;
 - high per capita income does not necessarily translate into high absorptive management capability in the use of aid resources.

Table VIII - 1

Distribution of Bilateral Assistance,
by Programming Status of Recipient,
1981 and 1982

<u>Category</u>	<u>Disbursements (net)</u>				<u>Commitments</u>			
	<u>1981</u>		<u>1982</u>		<u>1981</u>		<u>1982</u>	
	<u>\$M</u>	<u>%</u>	<u>\$M</u>	<u>%</u>	<u>\$M</u>	<u>%</u>	<u>\$M</u>	<u>%</u>
Core Countries	520.7	58.2	642.8	63.0	870.8	71.9	620.5	62.3
Selective Instruments Countries	99.5	11.1	93.7	9.2	65.8	5.4	91.9	9.2
Other Eligible Countries	58.8	6.6	83.2	8.2	67.1	5.5	88.9	8.9
Sub-Total Allocable by Country	679.0	75.9	819.7	80.4	1,003.7	82.8	801.3	80.4
Unallocable by Country/Category ^{1/}	45.7	5.1	20.6	2.0	38.3	3.2	24.2	2.5
Other Bilateral: ^{2/}	169.8	19.0	179.5	17.6	169.8	14.0	170.0	17.1
of which:								
Administrative Costs	58.7	6.6	70.2	6.9	58.7	4.8	70.2	7.1
Canadian NGOs	59.6	6.7	41.0	4.0	59.6	4.9	41.0	4.1
Emergency Relief	-	-	1.2	0.1	-	-	1.2	0.1
IDRC	17.9	2.0	24.6	2.4	17.9	1.5	22.1	2.2
Industrial Co-operation	-	-	4.1	0.4	-	-	3.7	0.4
International NGOs	13.9	1.5	14.8	1.5	13.0	1.1	14.8	1.5
Petro-Canada International	-	-	0.6	0.1	-	-	-	-
TOTAL BILATERAL ASSISTANCE	894.5	100.0	1,019.8	100.0	1,211.8	100.0	995.5	100.0

Source: DAC Questionnaire (1981 and 1982), Tables 2A and 3A.

^{1/} Includes also contributions to "regional" projects.

^{2/} Data on expenditures allocable by country are so shown in the tables in this Section. Thus, the "Other Bilateral" category consists essentially of those expenditures which cannot be specifically allocated by country. To illustrate: disbursements under the PCIAC program in 1982 amounted to \$13.1 million, of which \$12.5 million were allocable by country; the balance of \$0.6 million is shown under "Other Bilateral".

66. A more complete review of the experience will be included in our 1983 Memorandum.

(b) Bilateral Disbursements and Commitments

67. Tables VIII-1 to VIII-4 summarize the bilateral program activity for 1981 and 1982.
68. Table VIII-1 presents the distribution of bilateral assistance according to the three programming categories used by CIDA. "Core countries" accounted for nearly two-thirds of total bilateral disbursements in 1982. Though bilateral commitments to these countries represented a similar proportion of the total, it reflected a decline from the level in the previous year.
69. Low-income countries continued to receive the bulk of Canada's bilateral assistance. In 1982, their share rose to 66 per cent of total bilateral disbursements, as compared with about 60 per cent in the previous year. Their share of commitments, however, fell by a similar margin in the same period (Table VIII-2).
70. Table VIII-3 indicates the distribution of bilateral assistance by geographic region. At 40 per cent of the total, countries in Africa received the largest share of bilateral disbursements in 1982; bilateral commitments to this region registered a similar trend. Though the share remained relatively stable as regards disbursements, there has been a decline in terms of commitments between 1981 and 1982 in the case of Asia.
71. The share of LLDCs registered an increase in terms of both bilateral disbursements (from 24 per cent to 28 per cent) and commitments (from 23 per cent to 30 per cent) between the two years. Within this group, the bulk of the assistance went to LLDCs in Africa, followed by those in Asia (Table VIII-4).

IX. SECTORAL ORIENTATION IN
DISTRIBUTION OF AID

(a) Sectors of Emphasis

(i) Agriculture and Rural Development

72. The main objective of Canada's food aid and aid to the agriculture and rural development sector is the alleviation of hunger, malnutrition and poverty, and to contribute toward greater food security in the developing countries. Thus, the production of food for domestic purposes, as opposed to exports, will remain the focus of CIDA's activities in the sector, and special attention will be given to the impact of such activities on the nutrition requirements of target groups.

Table VIII - 2

Distribution of Bilateral Assistance,
by Income Group, 1981 and 1982

<u>Income Group</u> ^{1/}	<u>Disbursements (net)</u>				<u>Commitments</u>			
	<u>1981</u>		<u>1982</u>		<u>1981</u>		<u>1982</u>	
	<u>\$M</u>	<u>%</u>	<u>\$M</u>	<u>%</u>	<u>\$M</u>	<u>%</u>	<u>\$M</u>	<u>%</u>
Low-Income Countries (LICs)	529.5	59.2	670.1	65.7	789.8	65.2	594.0	59.7
Middle-Income Countries (MICs)	143.3	16.0	135.1	13.2	203.0	16.7	191.2	19.2
Newly-Industrialized Countries (NICs)	4.0	0.5	8.7	0.9	1.9	0.2	7.5	0.7
OPEC Countries	2.1	0.2	6.1	0.6	1.8	0.2	7.3	0.7
Unallocable by Income Group and other unspecified ^{2/}	45.8	5.1	20.3	2.0	45.5	3.7	25.5	2.6
Other Bilateral ^{3/}	169.8	19.0	179.5	17.6	169.8	14.0	170.0	17.1
<u>TOTAL BILATERAL ASSISTANCE</u>	<u>894.5</u>	<u>100.0</u>	<u>1,019.8</u>	<u>100.0</u>	<u>1,211.8</u>	<u>100.0</u>	<u>995.5</u>	<u>100.0</u>

Source: DAC Questionnaire (1981 and 1982), Tables 2A and 3A.

1/ Based on DAC definitions and 1980 per capita income:

LICs: Countries with per capita income under U.S. \$600.

MICs: Countries with per capita income exceeding U.S. \$600.

NICs: Countries at a relatively advanced level of economic development - Argentina, Brazil, Greece, Hong Kong, Korea (Republic of), Mexico, Portugal, Singapore, Spain, Taiwan and Yugoslavia.

OPEC Countries: Algeria, Ecuador, Gabon, Iran, Iraq, Kuwait, Libya, Qatar, Saudi Arabia and United Arab Emirates. Two other countries - Indonesia and Nigeria - are shown in the LIC and MIC groups respectively.

2/ Does not include contributions to the Sahel which are included with LICs.

3/ For breakdown, see Table VIII-1.

Table VIII - 3

Distribution of Bilateral Assistance,
by Geographic Region, 1981 and 1982

<u>Geographic Region</u>	<u>Disbursements (net)</u>				<u>Commitments</u>			
	<u>1981</u>		<u>1982</u>		<u>1981</u>		<u>1982</u>	
	<u>\$M</u>	<u>%</u>	<u>\$M</u>	<u>%</u>	<u>\$M</u>	<u>%</u>	<u>\$M</u>	<u>%</u>
Africa	305.5	34.1	407.9	40.0	368.7	30.4	412.5	41.4
Americas	105.9	11.8	97.2	9.5	139.1	11.5	107.2	10.8
Asia	290.4	32.5	326.2	32.0	526.1	43.4	304.1	30.6
Europe	22.4	2.5	7.7	0.8	7.8	0.7	0.4	...
Oceania	0.5	0.1	1.3	0.1	0.3	...	1.3	0.1
Other Bilateral ^{1/}	169.8	19.0	179.5	17.6	169.8	14.0	170.0	17.1
<u>TOTAL BILATERAL ASSISTANCE</u>	<u>894.5</u>	<u>100.0</u>	<u>1,019.8</u>	<u>100.0</u>	<u>1,211.8</u>	<u>100.0</u>	<u>995.5</u>	<u>100.0</u>

Source: DAC Questionnaire (1981 and 1982), Tables 2A and 3A.

^{1/} Negligible.
For breakdown, see Table VIII-1.

Table VIII-4

Distribution of Bilateral Assistance
to Least Developed Countries (LLDCs),
1981 and 1982

<u>LLDCs in:</u>	<u>Disbursements (net)</u>				<u>Commitments</u>			
	<u>1981</u>		<u>1982</u>		<u>1981</u>		<u>1982</u>	
	<u>\$M</u>	<u>%</u>	<u>\$M</u>	<u>%</u>	<u>\$M</u>	<u>%</u>	<u>\$M</u>	<u>%</u>
Africa	130.7	14.6	160.1	15.7	125.7	10.3	211.4	21.2
Americas	9.1	1.0	11.4	1.1	10.5	0.9	5.0	0.5
Asia	77.5	8.7	117.6	11.5	139.3	11.5	86.8	8.7
<u>TOTAL BILATERAL ASSISTANCE</u>	<u>894.5</u>	<u>100.0</u>	<u>1,019.8</u>	<u>100.0</u>	<u>1,211.8</u>	<u>100.0</u>	<u>995.5</u>	<u>100.0</u>

Source: DAC Questionnaire (1981 and 1982), Tables 2A and 3A.

Table IX-1

Food Aid Disbursements,^{1/}
1981 and 1982

<u>Program</u>	<u>1981</u>		<u>1982</u>	
	<u>\$ Million</u>	<u>%</u>	<u>\$ Million</u>	<u>%</u>
BILATERAL	92.8	47.3	139.6	53.1
of which:				
Americas	14.3	7.3	6.6	2.5
Anglophone Africa	20.0	10.2	28.2	10.7
Asia	41.7	21.3	83.0	31.6
Francophone Africa	12.0	6.1	15.9	6.1
Other Recipients	4.8	2.4	5.9	2.2
MULTILATERAL	103.2	52.7	123.1	46.9
of which:				
World Food Program (WFP)	98.8	50.4	118.9	45.3
UNRWA	4.4	2.3	4.2	1.6
<u>TOTAL</u>	<u>196.0</u>	<u>100.0</u>	<u>262.7</u>	<u>100.0</u>

Source: CIDA.

^{1/} Includes transportation costs.

73. Food aid continues to be an important component of Canada's assistance activity in the sector. The share of food aid in total ODA disbursements rose from 14 per cent in 1981 to 18 per cent in 1982. The Asian region received over one-half of bilateral food aid disbursements in 1982.
74. Reflecting our participation in and support for the activities of the "Co-operation for Development in Africa" (CDA) Group, CIDA provided additional support for agricultural research, particularly in the upgrading of national and regional facilities. This will enable the institutions to make better use of the research results and other aids available from international centres. There has also been an increase in Canadian support for the work of such centres between 1981 and 1982 (Table VI-2).
75. Canada continues to attach special importance to "rural development" in view of its multi-dimensional character and its potential to impact on key target groups, and thus serve as an effective foundation on which to build further economic and social development efforts. Experience over the years has shown that institutional differences between

countries can be an important determinant of the effectiveness of particular development strategies. Against this general background, a re-examination of our approach to "integrated rural development" has been initiated during the course of 1982. A report on Phase I of the project, entitled "Integrated Rural Development: State of the Art Review - 1982/83", was published in 1982. Work on the project is continuing.

(ii) Energy

Policy and Activities

76. Energy continues to be a sector of priority in Canada's development co-operation program. Some of the specific dimensions of activity in 1982 were: emphasis on smaller-scale energy technologies to complement Canada's traditional and continuing focus on major hydroelectric generation and distribution projects; continued importance of multilateral activity in the sector; and emphasis on close coordination among donors and recipients. Plans were initiated for Canada to participate in the World Bank's "Energy Assessment Study Program". Canada also participated in the review by the Asian Development Bank of technical assistance projects in the energy sector in the region. As well, Canada continued to be active in the coordination of donor activity in the field of energy, particularly through the "Co-operation for Development in Africa" Group.
77. Tables IX-2 and IX-3 show disbursements of bilateral ODA, including those of Petro-Canada International Assistance Corporation, in the energy field by sub-sector and region. As has been the case historically, about 80 per cent of the disbursements continue to be in the traditional areas of Canada's expertise - power generation and distribution. This represents Canada's contribution toward major projects (including feasibility studies with a technology transfer component) such as construction of transmission lines in Kenya and Tanzania, rural electrification projects in Thailand, Egypt, Indonesia, Cameroon and Ivory Coast, and major power generation projects in India, Pakistan, Madagascar and Ghana.
78. Disbursements in the oil and gas sector also represented a significant share of energy-related assistance. These related to development lines of credit to India and Pakistan, and planning for additional activity in Bangladesh and Barbados.
79. Co-operation in the field of small and renewable energy technology is also a growing feature of Canada's development assistance activities, particularly through CIDA's "Industrial Co-operation" program. Some 80 projects of various types in over 30 developing countries were underway in the energy sector in 1982, with total expenditures of about \$6 million.
80. Our 1981 Memorandum reported on a number of IDRC initiatives in the area of energy, particularly developments following the United Nations Conference of New and Renewable Sources of Energy (UNERG) in Nairobi in

August 1981. A significant energy initiative since then has been the creation of an international advisory group composed of eminent researchers and policy makers from developing countries. The terms of reference of this "Energy Research Group" (ERG) include:

- survey of energy-related research and technology in developed countries, its relevance to developing countries, the terms on which access to it is available, and ways of using it for the greatest benefit of developing countries;
- survey of the existing and likely capability in developing countries to conduct, finance, diffuse and use energy research and development; and
- identification of priorities in the conduct and utilization of energy-related research in the light of its findings regarding resources available for such research for the consideration of decision-makers, researchers and other interested parties.

Petro-Canada International Assistance Corporation (PCIAC)

81. The objective of PCIAC (established in 1981) is to assist oil-importing developing countries to explore and develop their own domestic oil and gas resources, and thus reduce or eliminate their dependence on imported supplies. It will seek to achieve this goal by participating in exploration for oil and gas, by conducting pre-exploration and related studies, and by providing technical assistance and training in petroleum exploration, development and production. Activities under the program are financed from development assistance funds. During 1982, agreements were reached for the following projects; expenditures on these projects amounted to \$13.1 million in the same year (see Table VIII-1, footnote 2).

Barbados: The primary objectives of PCIAC's technical and management assistance to the National Petroleum Corporation (NPC) of Barbados are to technically assess and enhance the island's hydrocarbon potential and to increase daily oil production.

Jamaica: PCIAC assistance to the Petroleum Corporation of Jamaica (PCJ) involves the assessment of offshore potential through additional seismic surveys and an integrated interpretation including reprocessing of available geophysical data.

Senegal: The PCIAC project in Senegal will assess the hydrocarbon potential of the western offshore basin by re-evaluating existing exploration data and conducting additional marine seismic surveys.

Tanzania: This PCIAC co-operative project with the Tanzania Petroleum Development Corporation (TPDC) includes an assessment of the hydrocarbon potential in Tanzania and the drilling of an offshore well.

Table IX-2

Bilateral Disbursements
in the Energy Sector, by Sub-Sector,
1981-82 and 1982-83

<u>Sub-Sector</u>	<u>1981-82</u>		<u>1982-83</u>	
	<u>\$ Million</u>	<u>%</u>	<u>\$ Million</u>	<u>%</u>
Energy Planning (including Management and Maintenance Training)	2.6	2.2	3.3	2.7
Power Generation	20.5	17.7	18.9	15.6
Electrical Energy Transmission and Distribution	73.9	63.8	62.9	52.0
of which:				
Rural Electrification	20.8	17.9	17.4	14.3
Oil and Gas	16.6	14.3	33.2	27.4
Other	2.3	2.0	2.9	2.4
<u>TOTAL</u>	<u>115.9</u>	<u>100.0</u>	<u>121.2</u>	<u>100.0</u>

Source: CIDA

Table IX-3

Bilateral Disbursements
in the Energy Sector, by Region,
1981-82 and 1982-83

<u>Region</u>	<u>1981-82</u>		<u>1982-83</u>	
	<u>\$ Million</u>	<u>%</u>	<u>\$ Million</u>	<u>%</u>
Americas	7.9	6.8	10.3	8.5
Anglophone Africa	48.4	41.8	60.0	49.5
Asia	45.2	39.0	45.1	37.2
Francophone Africa	14.4	12.4	5.8	4.8
<u>TOTAL</u>	<u>115.9</u>	<u>100.0</u>	<u>121.2</u>	<u>100.0</u>

Source: CIDA

(iii) Human Resources and Technical Co-operation

82. As one of the three priorities in Canada's development assistance program, human resource development emphasizes people as both the means and the end of development. Its objectives are to increase skilled human resources in the developing countries, to reach target groups which have been bypassed by economic growth, and to meet basic human needs as a means of improving labour productivity and the well-being of the population as a whole. Technical assistance - the provision of Canadian experts and the training of developing country personnel - is an important means of achieving these objectives, and is provided through bilateral, multilateral and special programs channels.

Recruitment and Selection of Co-operants

83. In 1982, 645 Canadian experts (720 in 1981) participated in CIDA's bilateral projects. Sixty-four per cent of these co-operants (59 per cent in 1981) were employed directly by Canadian organizations under contract with CIDA. Their percentage distribution by geographic region was as follows:

<u>Region</u>	<u>1981</u>	<u>1982</u>
Americas	13.0	14.0
Anglophone Africa	34.0	31.0
Asia	11.0	13.0
Francophone Africa	42.0	42.0
<u>TOTAL</u>	<u>100.0</u>	<u>100.0</u>

84. Table IX-4 shows the sectoral distribution of co-operants for the past three years. Though there have been variations between sectors in this period, renewable resources, education, and energy, transportation and communications continued to be the major sectors of co-operant activity, consistent with the broad thrust of Canada's development co-operation strategy.

Table IX-4

Distribution of Co-operants,
by Sector, 1980-82

<u>Sector</u>	<u>(Per Cent)</u>		
	<u>1980</u>	<u>1981</u>	<u>1982</u>
Renewable Resources	37.4	29.8	39.0
Education	26.9	24.9	20.3
Energy, Transportation and Communications	17.1	22.5	26.5
Industry, Mines	5.8	8.7	4.9
Public Administration	4.3	5.6	3.2
Economic Planning	3.0	4.0	2.9
Trade, Bank Operations, Tourism	2.4	2.4	2.0
Health	1.6	1.2	0.7
Social Services	1.5	0.9	0.5
<u>TOTAL</u>	<u>100.0</u>	<u>100.0</u>	<u>100.0</u>

Briefing and De-briefing of Co-operants

85. In preparation for overseas work and related development co-operation activities, CIDA's Briefing Centre provides a variety of programs and services to co-operants and families (whether they be direct or indirect contractuels) as well as co-operants from non-governmental organizations.
86. Although the focus in the Centre's work in 1982 was on pre-departure briefing, efforts continued toward further strengthening its full complement of services. The Centre organized pre-departure briefing sessions for 611 co-operants (and their families) from different parts of Canada. Also in 1982, in-country briefing for 72 co-operants and de-briefing with 57 returning co-operants were also organized.
87. In the same year, the Centre organized three working sessions, each of a three-day duration, and focussing on a separate geographic region: Anglophone Africa, Asia and Francophone Africa. These sessions brought together developing country officials and Canadian co-operants. The purpose of the sessions was two-fold:
 - to enable foreign officials to develop an appreciation of the role of the co-operant in the overall perspective of Canada's development assistance program, and of the process of pre-departure briefing; and
 - to invite the officials' suggestions on how the co-operants might effectively adapt themselves to life in their respective country of assignment.
88. Audio-visual aids are extensively used in the conduct of the Centre's activities. During 1982, the Centre produced a number of country-slides which were used in pre-departure briefing. These were supplemented with video-cassettes on CIDA projects and on inter-cultural communication.
89. In collaboration with the Agency's geographic, special programs and human resources Divisions, the Briefing Centre has developed a program specifically for Canadian co-operants for future assignment in China. The activities under this initiative during 1982 were:
 - organization of two seminars on China with specialists on the subject with a view to developing criteria for the selection and training of future co-operants; and
 - preparation of both audio-visual and descriptive material which would be of help both to the Briefing Centre and to five regional centres across Canada. These regional centres will receive the future co-operant candidates and supply them with information on China.

90. The Briefing Centre continued its efforts, in collaboration with the Canadian embassies involved, toward better adaptation of co-operants through training in the local language. In addition to the Latin America region where the co-operants need to study Spanish or Portuguese, the Centre's initiatives have already benefited co-operants 'en route' to assignment in such countries as Indonesia and Tanzania. Overall, some 53 people have followed language training programs related to the Asia and Americas regions in 1982.
91. Examples of likely future activity in this regard are: extension of the program to include training in other languages, further strengthening of the present activities of the Briefing Centre, and preparation of an appropriate "pre-return" documentation kit to assist the co-operants in their "re-integration" on return to Canada.

In-Country and Third-Country Training

92. In 1982-83, CIDA continued to support bilateral training programs by training nationals in their own institutions or in those of another developing country. Table IX-5 illustrates the regional distribution of such activity for the past three years.

Table IX-5

Distribution of CIDA Trainees Receiving
In-Country and Third-Country Training,
by Geographic Region, 1980-81 to 1982-83

<u>Region</u>	<u>In-Country</u>			<u>Third-Country</u>			<u>Total</u>		
	<u>80-81</u>	<u>81-82</u>	<u>82-83</u>	<u>80-81</u>	<u>81-82</u>	<u>82-83</u>	<u>80-81</u>	<u>81-82</u>	<u>82-83</u>
Americas	6	6	6	299	270	262	305	276	268
Anglophone Africa	4	4	47	38	36	54	42	40	101
Asia	8	8	10	75	57	28	83	65	38
Francophone Africa	222	250	295	63	83	50	285	333	345
<u>TOTAL</u>	<u>240</u>	<u>268</u>	<u>358</u>	<u>475</u>	<u>446</u>	<u>394</u>	<u>715</u>	<u>714</u>	<u>752</u>

Source: CIDA

In-Canada Training (1981 figures in brackets)

93. During 1982, Canadian bilateral aid provided for 248 (261) new trainees from developing countries to undertake programs in Canada at various universities and colleges, or with private, para-governmental or governmental agencies. Of this number, 105 (57) were from Francophone Africa, 79 (129) from Anglophone Africa, 39 (10) from Asia, and 30 (65) from the Americas.
94. A total of 651 (756) trainees were engaged in programs in Canada during 1982; of these, 432 (459) were still in Canada at the end of this year. Table IX-6 gives their distribution by geographic region of origin.
95. In addition to the trainees directly administered by CIDA (Table IX-6), 218 (237) other trainees (who were placed and supervised by Canadian organizations under contract with CIDA) studied in Canada during 1982. The distribution of these trainees by geographic region of origin was as follows:

Americas	71
Anglophone Africa	54
Asia	16
Francophone Africa	77
<u>TOTAL</u>	<u>218</u>

Table IX-6

Distribution of Trainees in Canada,
by Geographic Region of Origin - 1982

<u>Region of Origin</u>	<u>Academic Training Programs</u>	<u>Practical Training Programs</u>	<u>Total</u>
Americas	65	27	92
Anglophone Africa	283	10	293
Asia	21	32	53
Francophone Africa	194	19	213
<u>TOTAL</u>	<u>563</u>	<u>88</u>	<u>651</u>

Source: CIDA

96. At the request of the United Nations and its specialized agencies, arrangements were made for 113 UN Fellows to attend training programs in Canada in 1982. Including those Fellows already in programs at the beginning of 1982, a total of 163 Fellows were undertaking training in 1982, compared with 209 in 1981.

(b) Other Areas of Assistance

(i) Aid for Afforestation

97. The world's forests and trees provide a wide range of products to meet people's needs for fuel, building materials and food. In an increasing number of areas within developing countries, these forest resources are being depleted, and are no longer able to meet basic requirements. Population increases have brought new pressure to clear tropical forests for agricultural land. These actions result not only in the elimination of forest cover, but also in the degradation of groundwater systems, increased flooding, reduction in soil fertility, desertification, destruction of wildlife habitats, and loss of incalculable economic benefits.
98. Achieving an equilibrium among the different roles (social, protective, productive) which the forest plays requires new systems of forest management and active involvement of the local population - e.g., social or community forestry programs. In its "social forestry" programs, Canada's objectives are to meet the needs of rural populations in maintaining their environment. Supporting activities such as training, research and extension projects are used to enhance the success of the program.
99. Canada's involvement in social forestry projects has expanded over the years from its initial emphasis on technical assistance to more direct interventions through the bilateral channel. Such projects have already been implemented in India, Honduras and Senegal, and a number of others were in the planning stage during the course of 1982.
100. Some projects are funded through non-governmental organizations - e.g., village woodlot development in Haiti and Lesotho. Canada also supports, indirectly, through the multilateral channel, activities related to afforestation undertaken by such organizations as the Food and Agriculture Organization and the International Council for Research in Agroforestry.

(ii) Environmental Protection

101. Canada funds a number of bilateral projects in natural resource management and environmental protection. These include projects to help developing countries build up their environmental institutions; collect data on natural resources and land use; manage fishery, forestry, wildlife, plant and water resources; and improve the human environment through disease control, human settlements, and drinking water and sanitation.
102. An analysis of Canada's bilateral assistance for 1982-83 indicated that substantial resources were committed to environment and natural resource projects - about 12 per cent of total commitments during the year. Over one-half of these projects were devoted to improvements in water supply and sanitation. Forestry management and development projects also constituted a significant component.

103. Emphasis on assistance to environmental factors varied between CIDA's four regions: in the Americas and Anglophone Africa, drinking water supply projects were predominant; in Francophone Africa, forestry projects were emphasized; and in Asia, the majority of commitments were for agricultural water projects.
104. In CIDA's bilateral programming, the impact of projects on the environment is taken into account with a view to avoiding or reducing, where possible, any negative effects. To assist in this work, an initiative was taken during the year to obtain the services of an "Environmental Adviser" from the Department of the Environment to review environmental impact assessment procedures. An inter-departmental working group was also established in 1982 to co-ordinate the aid and environmental activities of a number of federal departments. Also, recent training programs for CIDA officers have included sessions on environmental issues.
105. In 1982, Canada provided funds to a number of multilateral institutions and non-governmental organizations which are active in the environment and natural resources fields, often in areas which do not receive substantial funding from bilateral channels, e.g., housing, pollution control.
106. In addition, environment and natural resource related activities constituted about 20 per cent of the projects supported by the IDRC. Predominant among these were projects in the areas of forestry, fisheries and disease control.

(iii) Population Assistance

107. Although there has been substantial growth over the years in Canada's direct assistance to population-related activities, its overall size still remains rather modest. The focus has largely been on assistance to family planning techniques and their diffusion among the poor people of developing countries, without explicitly placing the issues in the broader context of "development".
108. The main elements of Canada's assistance in the area have been:
 - support through multilateral organizations, such as the UN Fund for Population Activities (UNFPA);
 - support for internationally recognized private organizations, such as the International Planned Parenthood Federation (IPPF);
 - support through CIDA's bilateral program, provided specifically in response to requests from developing countries, with due regard for the availability and limitation of Canadian resources and Canadian sensitivities related to the issue: demographic studies, technical assistance, and training in and support for related public health programs are examples of such assistance; and
 - support for research on matters related to population and family planning such as reproductive biology.

109. Assistance to population activities amounted to some \$21 million in 1982-83; contributions to the UNFPA and IPPF accounted for the bulk of these expenditures - \$9.5 million and \$5.4 million respectively.
110. It is now generally recognized that "population", rather than a sector in itself, is an issue with important inter-sectoral implications. Therefore, to contribute effectively to the objectives of development, population policies and programs need to be seen within the totality of development efforts. Furthermore, population assistance would need to reflect not only this broad thrust, but also the various sensitivities on the issue - in recipient and donor countries alike. Against this background, preliminary work toward a review of Canada's assistance activity in the area was also initiated during 1982.

(iv) Assistance in Public Administration

111. As noted elsewhere in this Memorandum,^{1/} assistance in public administration is part of Canada's technical co-operation with the Third World - both through the training of developing country nationals in Canada, and by making the services of Canadian experts available to the countries. This was reinforced by other initiatives adopted in more recent years.
112. Under its "Institutional Co-operation" program, CIDA provided financial support for the international development projects of the Canadian Comprehensive Audit Foundation (CCAF), a non-governmental organization. An important objective of the CCAF is to assist developing countries to upgrade their government auditing capabilities, and to share Canadian experience and knowledge of comprehensive auditing which seeks to promote greater accountability and effectiveness of public expenditures.
113. CIDA provides assistance to the fellowship, technical assistance and regional seminar programs of the Foundation. In 1982-83, these programs involved participants from some 15 different African, Asian, Caribbean and Latin American countries. Assistance to the CCAF amounted to about \$350,000 in the same year.
114. Another recent initiative (adopted in 1980-81) in this general area is the "Management for Change" program. It is designed to develop innovative ways of strengthening the management capabilities of developing countries, so that they may make efficient and productive use of their resources and meet the rapidly changing needs of their societies in the context of their own resources, cultural setting and social dynamics. The program reflects the recognition that Canada and developing countries can work together in dealing with management issues and problems, and learn from each other's experience.

^{1/} See Section IX (a) (iii).

115. The program is specifically oriented to senior-level executives and decision-makers in the broad area of public administration, and may include seminars, short-term work assignments, missions and awards. It operates through financial assistance to Canadian non-governmental institutions, developing country governments, agencies and institutions, and international development organizations, for activities designed to further the goals and objectives of the program. Expenditures under the program in 1982-83, its first full year of operation, amounted to \$1.2 million.

(v) Aid for Research in Developing Countries

116. The contribution of science and technology to the solution of urgent development problems has attracted increasing attention from the international community, and is an important area in which the developing countries seek support. Their lack of competence to engage effectively in research of their own design was particularly noted by the Pearson Commission in its 1969 Report, as was the very low proportion of world R & D activity that was located in developing countries.
117. Part of Canada's response to this need was the creation in 1970 of the International Development Research Centre (IDRC) "to initiate, encourage, support and conduct research into the problems of the developing regions of the world and into the means for applying and adapting scientific, technical and other knowledge to the economic and social advancement of those regions". Although it is solely funded by the Government of Canada, the Centre is an autonomous organization, and its activities are guided by an international Board of Governors.
118. The Centre has addressed its mandate by concentrating on supporting research projects that are identified, designed, conducted and managed by developing country scientists, usually working in their own countries. IDRC has aimed at the dual objectives of funding applied research designed to tackle specific development problems identified by the developing countries while simultaneously contributing to building a strong local base for future research. It has also provided technical support to research projects where required.
119. In 1982-83, IDRC funded some 283 projects, with appropriations totalling \$45 million; support for training activities accounted for an additional \$2 million.^{1/} The sectoral distribution of these expenditures was: agriculture, food and nutrition sciences - 40 per cent; social sciences - 24 per cent; health sciences - 13 per cent; information sciences - 11 per cent; co-operative projects (linking Canadian and developing country institutions in collaborative research endeavours) - 8 per cent; and others - 4 per cent. Their geographic distribution was: Latin America - 32 per cent; Asia - 28 per cent; Africa - 24 per cent; Middle East - 5 per cent; and global and other projects - 11 per cent.

^{1/} Since its inception, IDRC has supported over 1,600 projects, requiring appropriations of nearly \$280 million.

X. WOMEN IN DEVELOPMENT

Policy Perspective

120. In 1982, a number of activities on behalf of women in development contributed to Canada's overall goal to increase people's ability to help themselves. In order to ensure that development assistance reaches the population groups in greatest need in the poorest countries, the momentum that has built up in previous years to respond to the needs of women was accelerated by an "integrated programming" approach.
121. In substance, this approach represents a departure from the earlier limited treatment of women's concerns in specific programs or projects addressed only to them. For example, research evidence to date has shown that inadequate recognition of the important role women play in such sectors as agriculture, energy, water and sanitation management, education and housing have jeopardized the success of many development projects. The solution here is not simply to ensure that women become beneficiaries of a growing proportion of the benefits of development, but that they also become more active participants in the decision-making process that determines the path of socio-economic progress itself. In this regard, preliminary work toward a new policy perspective for the Agency reflecting a better balance between efficiency and social equity in development programming was initiated in 1982.
122. An example of the integrated approach is CIDA's work in the Karnali-Bheri region of Nepal with community participation in a wide spectrum of activities. The project was preceded by extensive field studies on the role of Nepalese women in farm management and agricultural extension. Recommendations from these studies were co-ordinated with new project initiatives for rural primary health care, irrigation, conservation, forestry and transportation. The important contributions of women to development as well as their needs and aspirations in those areas have influenced the implementation of this program.
123. During the year, CIDA's country and regional program reviews addressed human resource development potentials in the developing countries under scrutiny. They also provided an opportunity to ensure proper balance in the emphasis given to human resources generally and, more specifically, to the participation of men and women equally in resource planning.

Program Activities

124. Prompted by the special study launched in 1981 on the impact of Canadian NGO projects on women, field studies of such activity were undertaken in a number of developing countries. The findings from these were reported to a national meeting of Canadian NGO representatives, and they will be widely disseminated by the Canadian Council for International Co-operation (CCIC) in a future publication.

125. The Mission Administered Fund (MAF) program carried out by Canadian Embassies and High Commissions is a flexible instrument which complements bilateral activities. It supports specific sectoral or multi-sectoral projects having a high developmental impact. The project proposals are generally initiated by local women's groups to fill specific needs and development priorities of poorest women. Some Canadian Missions also employ specialists as well as Canadian NGOs to identify appropriate self-help projects in collaboration with women's organizations which seek help toward increasing the productivity of rural women or for introducing them to new types of income-generating activities.
126. As in past years, rural women and their families have benefited from the support provided by multilateral programs such as UNICEF and UNFPA to which Canada contributed \$12.0 million and \$9.5 million respectively in 1982. Also in the same year, Canada extended financial assistance to the Capital Fund of Women's World Banking which seeks to provide access to capital and skills for women in developing countries for undertaking small business ventures.
127. In 1982, as part of its work toward enhancing public awareness of social and economic development issues, the Agency took an active part in presenting "women and development" issues in briefings and at hearings before Canadian Parliamentarians, such as the Delegation to the Western Hemisphere Conference of Parliamentarians on Population and Development, Standing Committee on External Affairs and National Defence, and as follow-up to the recommendations of the Parliamentary Task Force on North/South Relations relative to women in developing countries.

XI. AID EFFECTIVENESS, AID MANAGEMENT AND ADMINISTRATION

(a) Aid Procedures and Practices

128. While the organizational changes relating to the "Country Focus" restructuring of the Agency (see below) were being introduced, CIDA continued its work on improving aid procedures and practices designed to enhance the delivery of aid programs abroad. Studies and proposals to improve delivery, reduce delays, simplify procedures and practices, and avoid duplication of effort were prepared within the Agency. Our 1983 Memorandum will review the implementation of the results of these studies.
129. Within the new "Four A" structure of the bilateral program, a major initiative entitled "Project Management By Activity" (PMBA) was started on a pilot basis involving approximately 20 projects. This system is designed to introduce management practices and concepts relating progress (through deliverable products) to project expenditures. The experiment will be completed in the summer of 1984, following which the results will be reviewed in terms of its general applicability to the Agency.

130. In 1982, CIDA initiated revisions to its basic project planning and management document, the project "Plan of Operations". This work was still underway at the close of the year.
131. Also, in a move designed to minimize the amount of resources and time involved in the Agency's internal project approval process, and to ensure that consistent quality control is exercised over bilateral project planning, a more streamlined review mechanism will be established in 1983. This initiative will allow for more rapid project delivery.

(b) Policy Dialogue and Agreed Policy Undertakings

132. As is the case with aid donors generally, Canada is facing increased public pressure to demonstrate the positive impact of the aid efforts on developing countries. Reflecting its importance, the question of how to assess the effectiveness of aid is under examination in such international fora for aid discussions as the Joint World Bank/IMF Task Force on Concessional Flows, besides the OECD's Development Assistance Committee itself. However, it is made difficult by the fact that aid is only a small portion of overall national investment, and even smaller of GNP. A host of other variables come into play in shaping the development performance of Third World countries. As demonstrated by the recent World Bank report on development in sub-Saharan Africa, one of the key issues here is the problem resulting from conflicting policies and objectives for different sectors.
133. The concepts of "policy dialogue" between donors and recipients and of "conditionality" have emerged from the recognition of the linkages between aid effectiveness and the domestic policy setting. The former refers to a process in which donors and recipients seek to define the development policies most likely to bring success, while "conditionality" goes a step further by making the provision of aid conditional on the adoption of certain policies.
134. Judgments on the performance and policies of aid recipients have long been implicit in Canadian aid programs, partly at the level of eligibility itself, but more commonly at the levels of program design and project content. For example, highly liquid and unstructured transfers would not normally be provided to countries whose macro-economic management is thought to be weak.
135. A specific example is the case of food aid. The potential effects on prices and markets in recipient countries are assessed in allocating Canadian food aid. Efforts demonstrated by the recipient as regards the establishment and implementation of appropriate agricultural policies and programs are taken into account not only in so far as they are needed to ensure that imported food does not become a disincentive to local farmers, but also in that they constitute an essential framework for the effective integration of food aid with other assistance to increase agricultural production.

136. Although a substantial portion of it is allocated for free distribution to refugees and in emergency situations, Canada's bilateral food aid will increasingly be used in support of agricultural development. This will be done through use of counterpart funds for agricultural development activities or by linking multi-year food aid commitments to food policy reforms undertaken by recipient governments. In 1982, Canada made three-year food aid allocations to Bangladesh and Mali. The commitment to Bangladesh was linked to a series of policy measures to improve local production of cereals and to measures intended to direct an increasing share of Canadian bilateral food aid to poor rural groups. The commitment to Mali was, like food aid from other donors, provided in support of the government's efforts to restructure the cereals market. Also in 1982, Canada completed its planning of a multi-year commitment of vegetable oil (canola) to India for a project to strengthen oilseeds production and marketing.
137. Also, as part of its normal programming process, CIDA prepares "Country Program Reviews" (CPRs) for each major recipient of Canadian aid. The CPR is discussed with senior officials in the recipient country, and it serves as a basic document in the policy dialogue as it provides the broad conceptual and policy framework for co-operation between Canada and the country concerned. Besides providing the financial dimensions of development co-operation for a five-year planning period, the CPR also identifies the economic sectors, target groups, delivery channels, forms of co-operation, as well as the objectives, terms and conditions of assistance which will exemplify the Canadian program in that country.
138. In order to take fully into account recipient policy environment in setting program allocations and content, measures have been taken within CIDA to strengthen country-specific analytical capabilities. To illustrate: the "Country Focus" approach involves a fundamental change in the country planning process. In the past, a composite program for each recipient emerged as the sum of separate activities in different program branches. Under the new approach, the indicative planning figures for "core countries" are developed with an appreciation of the range of delivery mechanisms at the Agency's disposal.
139. The role of Canadian aid in the total investment program of developing countries is still modest. Thus, internationally, Canada continues to support the enhancement of co-ordinating mechanisms among donors to improve the prospects of useful policy exchanges with recipients. The OECD's Development Assistance Committee and the World Bank/IMF initiatives noted above serve as illustrations.

c) Maintenance Assistance

140. To be effective, aid for maintenance and operations needs to be provided within a policy environment designed to ensure that the recipients are making reasonable efforts toward mobilizing the necessary resources and implementing special measures to correct the identified problems.

141. There is of course no single measure which can adequately address all maintenance issues - e.g., recurrent costs, training. While specific initiatives can help alleviate such problems, they do not constitute a permanent solution.
142. Where under-utilized productive capacity is a major problem, CIDA will concentrate new investment on upgrading and repair of existing capital stock. In addition, a good portion of the Agency's training programs and provision of technical assistance is currently directed toward the maintenance of existing economic and social programs.
143. For future investments, CIDA is revising its project appraisal methodology to incorporate sensitivity analysis of projects to under-financing of routine maintenance expenditures. Project design will increasingly be adjusted to the availability of financial resources and technical capacities of recipients to operate and maintain the facilities upon completion of the construction phase.

(d) Local and Recurrent Cost Financing

144. As reported in previous Memoranda, the statutory limit on Canadian ODA available for local cost financing is 20 per cent of the bilateral allocation. Since the untying authority applies to the program as a whole, considerable flexibility and discretion exists in meeting local costs under circumstances where budgetary problems prevent a government from undertaking priority development expenditures. In considering whether or not to undertake local cost financing, Canada considers, among others, the overall development objectives of the country, and the nature of the specific project or program.
145. Under certain circumstances where it may be necessary to ensure the successful completion of a development project, Canada will give consideration to financing recurrent costs in local currencies on a case-by-case basis. Where a persistent recurrent cost problem exists, CIDA will assess the reasons for such a problem and may, if corrective measures are undertaken, agree to finance such costs during an interim period. However, the Agency employs a fairly broad definition of investment, and regularly funds items which could be considered routine recurrent expenditures, but which involve investment in human capital in some form.

(e) Evaluation of Aid Effectiveness

146. During 1982, discussions in the area of aid effectiveness focussed essentially on the evaluability of impact and effects of country programs. The complexity of country program environments, the Agency's limiting role as a "co-manager" and "co-funder" of projects in developing countries, the lack of reliable and consistent data bases - all contributed to the debate as to whether these programs could be the object of conclusive and impact-related evaluations.

147. In 1982, a first attempt was made to review the Agency's project evaluation reports. The review focussed on the establishment of an inventory of evaluation studies, on the quality of methodologies applied to project-outcome evaluations, and on recurrent management issues and development lessons derived from the material.
148. Also, the bilateral branches continued to undertake project and country program critical evaluations. Seventy-nine project evaluations were initiated of which 58 were completed in 1982-83. At the multilateral level, the Agency continued to monitor the results of evaluations conducted by the international financial institutions it supported. In addition, the first assessment of non-governmental organizations' activities in the context of country program reviews was also carried out.

(f) Aid Administration: "Country Focus" Update

149. The concept and substance of Canada's new "Country Focus" strategy were outlined in our 1981 Memorandum. The necessary administrative structures have since been put in place, and the formal implementation of the new strategy commenced on September 1, 1982.
150. It is intended that by de-emphasizing traditional internal structures and disbursement mechanisms and concentrating more on the advantages of particular channels in reaching the target populations, the new approach will improve Canada's aid effectiveness. Such changes are not made without difficulty as both internal practices and external expectations must change as well.
151. While no definitive conclusions can be drawn from the brief experience with the new approach thus far, it suggests that, given the complex structural and programming interrelationships involved, it is expected to be fully in place only over a period of time; its test of effectiveness would thus need to be seen in that perspective.
152. As for aid administration itself, following the reorganization of Canada's "Foreign Service" (to which reference was made in our 1981 Memorandum), aid positions abroad now come under the responsibility of the Department of External Affairs. They are generally filled by former CIDA employees who are now Canadian Foreign Service officers. These officers report to the Canadian-Ambassador/High Commissioner accredited to the country, who in turn is accountable to the President of CIDA for delivery of the aid program.

XII. CO-OPERATION WITH THE PRIVATE SECTOR

(a) Industrial Co-operation

153. This program consists of a variety of instruments whose objective is to encourage the involvement of the Canadian private sector in the development of Third World countries. Toward this, the program provides for the promotion of joint ventures and other forms of collaboration which facilitate, in particular, the transfer of technology to developing countries.
154. The program has been intended to be generally responsive to initiatives from the private sector. However, in 1982, as a result of trial experiences in the previous year, the program initiated a more "pro-active" project which has attracted interest from both governments and the private sector. This activity consists primarily of encouraging closer collaboration between the industrial sectors of Canada and of developing countries through an extensive program of missions and transfer of technology exhibitions.
155. Such initiatives help bring together firms and potential Third World partners. The Canadian firms are identified as being interested in investing in developing countries, and having a technology which could be appropriately transferred through the establishment of a business collaboration of one form or another - joint venture, licencing agreement, management contract. In 1982, exhibitions were held in Singapore, Brazil and Colombia, and missions were carried out in India, Morocco and Cameroon.
156. In 1982-83, CIDA provided some \$20 million to more than 275 Canadian firms for feasibility and project preparation studies, and technology development and transfer.

(b) Co-operation with Voluntary Agencies

157. Co-operation with non-governmental organizations (both national and international) represents an important and growing dimension of Canada's development assistance program.
158. A key characteristic of CIDA's NGO program is its ability to offer more flexible and innovative development assistance than is normally possible on a bilateral basis and to tap, for development purposes, the wide range of expertise and services which reside in the non-governmental sector. Furthermore, the program is designed to assist Canadians to establish co-operative action initiatives as equals with people in developing countries, and to activate an awareness of development issues among the Canadian public.
159. In fiscal year 1982-83, the program contributed \$63.6 million in support of the work of some 174 Canadian NGOs which carried out over 2,177 projects in some 115 developing countries. Priority sectors of activity in these were education, community development, health and population, and food production.

160. Through the "International Non-Governmental Organizations" (INGO) program, Canada collaborates in the development activities of international non-profit and voluntary organizations by providing grants and contributions. No major changes were introduced in the program in 1982, but increasing emphasis was put on evaluations with INGOs. For example, the programming process of the International Planned Parenthood Federation was reviewed as a first step in determining whether Canada would move from an annual to a three-year funding of the Federation's program. In 1982, some 67 organizations were assisted under the program, with disbursements totalling \$17.9 million.

(c) Institutional Co-operation

161. Successful development requires the marshalling of efforts of all segments of society. Universities, community colleges, professional associations, co-operatives and resource personnel organizations - all have people available to take part in development projects, and who possess not only scientific and technical expertise and organizational capabilities, but also knowledge of the cultural/institutional milieu in developing countries. CIDA's "Institutional Co-operation" program is designed to foster joint ventures between such institutions in Canada and their counterparts in the Third World. Through financial assistance to these groups, the program helps to promote activities that can lead to mutual enrichment and an increased ability on the part of developing nations to achieve economic and social progress.
162. Some 768 projects covering all regions of the world and all major sectors of development co-operation were active in fiscal year 1982-83, with total CIDA disbursements amounting to \$59.6 million. About one-third of these projects were in the education sector.

XIII. TRADE WITH DEVELOPING COUNTRIES

(a) Recent Trends in Exports and Imports

163. The volume of Canadian exports to developing countries as a whole remained stable between 1981 and 1982. The modest increase in exports to low-income countries was counterbalanced by declines in trade with all other categories of developing countries (Table XII-1).
164. The impact of the general economic recession was more evident in the case of Canada's import trade. Imports from developing countries as a whole declined significantly, the bulk of it as a result of reduced imports from OPEC countries. Total Canadian imports declined by over 14 per cent between 1981 and 1982 (Table XII-2).

(b) Steps to Facilitate Market Access

165. Canada has taken a number of steps to improve its "Generalized System of Preferences" (GSP). Since its inception in 1974, a wide range of products have been added to the scheme. More recently, the November 1981 federal budget extended duty-free treatment to imports covered by the GSP scheme from the LLDCs.

Table XII-1

Canadian Exports to Developing
Countries, by Income Group,
1981 and 1982

Income Group ^{1/}	1981		1982	
	\$ Million	Per Cent	\$ Million	Per Cent
Low-Income Countries	2,087.1	2.5	2,579.2	3.1
Middle-Income Countries	2,553.6	3.0	2,400.5	2.8
Newly-Industrialized Countries	3,087.6	3.7	2,779.1	3.3
Other Developing Countries	74.6	0.1	60.3	0.1
Sub-Total (excluding OPEC Countries)	7,802.9	9.3	7,819.1	9.3
OPEC Countries	2,366.2	2.8	2,366.6	2.8
Sub-Total - Developing Countries	10,169.1	12.1	10,185.7	12.1
Other Countries	73,642.3	87.9	74,348.9	87.9
<u>TOTAL</u>	<u>83,811.4</u>	<u>100.0</u>	<u>84,534.6</u>	<u>100.0</u>

Source: Statistics Canada. Exports - Merchandise Trade (65-202), 1982.

^{1/} See definitions in Table VIII-2.

Table XII-2

Canadian Imports from Developing
Countries, by Income Group,
1981 and 1982

Income Group ^{1/}	1981		1982	
	\$ Million	Per Cent	\$ Million	Per Cent
Low-Income Countries	530.1	0.7	478.6	0.7
Middle-Income Countries	1,429.8	1.8	1,122.1	1.7
Newly-Industrialized Countries	4,121.0	5.2	3,908.6	5.7
Other Developing Countries	23.1	...	16.8	...
Sub-Total (excluding OPEC Countries)	6,104.0	7.7	5,526.1	8.1
OPEC Countries	5,613.9	7.0	3,035.7	4.5
Sub-Total - Developing Countries	11,717.9	14.7	8,561.8	12.6
Other Countries	67,763.8	85.3	59,364.3	87.4
<u>TOTAL</u>	<u>79,481.7</u>	<u>100.0</u>	<u>67,926.1</u>	<u>100.0</u>

Source: Statistics Canada. Imports - Merchandise Trade (65-203), 1982.

1/ See definitions in Table VIII-2.

... Negligible.

166. Canada also provides assistance to Third World countries for the development of their exports to Canada through the "Trade Facilitation Office" (TFO - established in 1980). The TFO is funded through CIDA, but it maintains an "arms-length" relationship with the Canadian Government. It promotes the commercial interests of developing countries through such activities as:

- information seminars to diplomatic representatives for upgrading marketing skills;
- assistance in planning and execution of trade missions;
- identification of buyers for developing country products;
- information on product areas of interest to developing countries;
- support for developing country participation at selected Canadian trade fairs;
- assistance in product upgrading.

XIII. COMMERCE AVEC LES PAYS EN DÉVELOPPEMENT

a) Évolution récente des exportations et importations

163. De 1981 à 1982, le volume global des exportations du Canada au tiers monde n'a guère varié, la légère croissance des livraisons aux pays à revenu faible ayant été équilibrée par des baisses dans toutes les autres catégories (tableau XII-1).

164. La récession économique mondiale a eu des effets plus marqués sur le niveau des importations canadiennes. Les pays en développement, et notamment les pays de l'OPEP, ont en effet vu leurs exportations au Canada régesser de façon radicale. En tout, les importations canadiennes ont fléchi de plus de 14 p. 100 entre 1981 et 1982 (tableau XII-2).

b) Mesures d'ouverture des marchés

165. Le Canada a pris diverses mesures en vue d'élargir son "système généralisé de préférence" (SGP). Depuis sa mise en place, en 1974, la liste des produits en bénéficiant s'est considérablement allongée. Tout dernièrement, le budget fédéral de novembre 1981 a entièrement détaxé les importations des PLMA couvertes par le SGP.

166. Par l'intermédiaire du "Bureau de promotion du commerce" (BPC) créé en 1980, le Canada aide en outre les pays du tiers monde à accroître leurs exportations à destination du Canada. Financé par l'ACDI, le BPC est cependant complètement indépendant du gouvernement canadien. Parmi les moyens qu'il prend pour intensifier les échanges commerciaux des pays en voie de développement avec le Canada, citons:

- des colloques d'information visant à aider les représentants diplomatiques dans leurs efforts de marketing;
- des services d'aide à la planification et à l'exécution de missions commerciales;
- le repérage d'acheteurs canadiens potentiels pour les produits de pays en développement;
- la diffusion d'information sur des types de production susceptibles d'intéresser les pays en développement;
- des invitations à participer à certaines expositions commerciales canadiennes;
- des conseils pour améliorer la qualité des produits exportés.

Tableau XII-2

Importations canadiennes en provenance des pays en développement selon le groupe de revenu, 1981 et 1982

Groupe de revenu ¹	1981	1982
\$ M	\$ M	\$ M
%	%	%
Pays à faible revenu	530,1	478,6
Pays à revenu moyen	1 429,8	1 122,1
Nouveaux pays industriels	4 121,0	3 908,6
Autres pays en développement	23,1	16,8
Somme partielle (à l'exclusion des pays membres de l'OPFP)	6 104,0	5 526,1
Pays membres de l'OPFP	5 613,9	3 035,7
Somme partielle, pays en développement	11 717,9	8 561,8
Autres pays	67 763,8	59 364,3
TOTAL	79 481,7	67 926,1
	100,0	100,0

Source: Statistique Canada, Exportations - Commerce de marchandises, 1982, publication no 65-203 au catalogue.

1. Voir les définitions du tableau VIII-2.

... Montant négligeable

Tableau XII-1

Exportations canadiennes vers les pays en développement
selon le groupe de revenu, 1981 et 1982

Groupe de revenu ¹	\$ M 1981	%	\$ M 1982	%
Pays à faible revenu	2 087,1	2,5	2 579,2	3,1
Pays à revenu moyen	2 553,6	3,0	2 400,5	2,8
Nouveaux pays industriels	3 087,6	3,7	2 779,1	3,3
Autres pays en développement	74,6	0,1	60,3	0,1
Somme partielle (à l'exclusion des pays membres de l'OPEP)	7 802,9	9,3	7 819,1	9,3
Pays membres de l'OPEP	2 366,2	2,8	2 366,6	2,8
Somme partielle, pays en développement	10 169,1	12,1	10 185,7	12,1
Autres pays	73 642,3	87,9	74 348,9	87,9
TOTAL	83 811,4	100,0	84 534,6	100,0

Source: Statistique Canada, Exportations - Commerce de marchandises, 1982, publication n° 65-202 au catalogue.

1. Voir les définitions du tableau VIII-2.

158. Le Programme des ONG de l'ACDI se caractérise par sa souplesse et sa capacité d'innovation supérieures à celles des programmes bilatéraux classiques; il a aussi l'avantage de mobiliser à des fins de développement toute la gamme des services et compétences du secteur non gouvernemental. Conçu pour aider les Canadiens à lancer des initiatives de coopération sur une base d'égalité avec des citoyens de pays en développement, il permet par ricochet de sensibiliser la population canadienne aux problèmes du développement.

159. Pour l'exercice financier 1982-1983, le Programme des ONG a versé \$63,6 millions à quelque 174 organisations canadiennes qui ont réalisé 2 177 projets dans environ 115 pays en développement. Les ONG s'intéressent prioritairement à l'éducation, au développement communautaire, aux problèmes de santé et de population, et à la production agricole.

160. Par l'intermédiaire des organisations non gouvernementales internationales (ONGI), le Canada participe en outre aux activités d'aide au développement de divers organismes internationaux à but non lucratif. À base de subventions et de dons, le programme des ONGI n'a guère évolué en 1982, si ce n'est qu'on a mis davantage l'accent sur l'évaluation de concert avec les organismes en cause. Ainsi, l'Agence a révisé tout le programme de la Fédération internationale de planning familial (FIPF), en vue d'une éventuelle durée de trois ans du programme de financement de cet organisme, qui est actuellement assujéti à un réexamen annuel. En 1982, quelque 67 ONGI se sont partagés les \$17,9 millions dépensés dans le cadre du programme.

c) Coopération institutionnelle

161. Pour que l'aide au développement porte fruit, il faut canaliser les efforts de tous les secteurs de la société. Les universités, les collèges communautaires, les entreprises, les syndicats, les coopératives et les bureaux de personnel-ressources disposent tous de gens capables de participer à des projets de développement, non seulement du fait de leurs compétences scientifiques et techniques et de leurs talents en organisation, mais également en raison de leur connaissance du milieu culturel et institutionnel des pays en développement. Le Programme de coopération institutionnelle de l'ACDI vise à favoriser la mise en route de projets coopératifs entre des institutions canadiennes et leurs homologues du tiers monde. En mettant des fonds à la disposition de ces groupes, il contribue à promouvoir toute une gamme d'activités susceptibles de profiter aux deux parties et de renforcer les capacités de développement socio-économique des pays du tiers monde.

162. En 1982-1983, 768 projets touchant toutes les régions du monde et tous les grands secteurs de la coopération au développement étaient en cours; les décaissements de l'ACDI à ce titre se sont élevés à \$59,6 millions pendant la période. Environ le tiers des projets financés avaient trait à l'éducation.

152. En ce qui concerne la gestion proprement dite de l'aide, la réorganisation du "service extérieur" du Canada (dont nous avons parlé dans notre Mémoire de 1981) place tous les postes des services d'aide sous la tutelle directe du ministère des Affaires extérieures. Leurs titulaires actuels sont pour la plupart d'anciens employés de l'ACDI qui, devenus membres du service extérieur du Canada, relèvent désormais de l'ambassadeur ou du haut-commissaire représentant le Canada dans le pays de mission; c'est lui qui rend compte au président de l'ACDI de l'exécution du programme d'aide placé sous sa responsabilité.
- XII. LE SECTEUR PRIVÉ ET L'AIDE AU DÉVELOPPEMENT
- a) Coopération industrielle
153. Mettant en oeuvre une vaste panoplie d'instruments en vue d'amener les entreprises privées canadiennes à participer au développement des pays du tiers monde, le programme de coopération industrielle offre des incitatifs à la création d'entreprises en participation ou d'autres formules de collaboration susceptibles, entre autres, de stimuler les transferts de technologie vers les pays en développement.
154. En principe, les initiatives prises dans ce cadre sont suscitées par le secteur privé. Mais en 1982, suite à certaines expériences menées l'année précédente, un projet plus "interventionniste" lancé par l'Agence elle-même a été bien accueilli par les secteurs public et privé. Il vise à stimuler la coopération entre des entreprises industrielles du Canada et de certains pays en développement par le moyen de missions et d'expositions sur les transferts technologiques.
155. Pareilles initiatives servent à mettre en contact les entreprises avec d'éventuels associés du tiers monde. Les sociétés canadiennes peuvent ainsi manifester leur intention d'investir dans un pays en développement et de faire étalage des technologies qu'elles seraient en mesure d'implanter à l'étranger dans le cadre d'une association économique quelconque - entreprise en participation, contrat de licence ou de gestion. En 1982, des expositions se sont tenues à Singapour, au Brésil et en Colombie tandis que des missions ont visité l'Inde, le Maroc et le Cameroun.
156. En 1982-1983, l'ACDI a versé quelque \$20 millions à plus de 275 analyses préparatoires, ainsi que des projets de transfert ou de développement technologique.
- b) Organisations bénévoles
157. La coopération avec les organisations non gouvernementales (canadiennes et internationales) forme une part importante et croissante du programme d'aide au développement du Canada.

condition que les autorités compétentes prennent des mesures. Cela dit, l'investissement est assez vaste, et elle accorde régulièrement des fonds au titre de frais qui pourraient être considérés comme récurrents mais requièrent un certain capital humain.

e) Efficacité du programme d'aide

146. Les études menées en 1982 ont essentiellement porté sur la possibilité même de jauger les retombées des programmes nationaux. La question était de savoir si on pouvait vraiment en évaluer les effets de façon concluante étant donné la complexité des milieux d'intervention, le rôle restreint de l'ACDI comme "co-gestionnaire" et "co-initiateur", et la pénurie de bases de données fiables et constituées de manière cohérente.

147. En 1982, l'Agence a entrepris la première révision critique de ses rapports d'évaluation de projets dans le cadre de laquelle elle s'est efforcée de dresser un inventaire des dossiers constitués et d'analyser sur le plan qualitatif les méthodologies d'évaluation employées, pour ensuite cerner les problèmes de gestion récurrents et dégager des leçons utiles de l'information recueillie.

148. Les directions chargées des activités bilatérales ont poursuivi leurs évaluations critiques de programmes nationaux et de projets, amonçant 79 recherches de ce dernier type, dont 58 ont été terminées en 1982-1983. À l'échelon multilatéral, l'Agence a continué à suivre le travail d'évaluation des institutions financières internationales qu'elle soutient. Elle a également procédé au premier examen des activités des organisations non gouvernementales à l'intérieur de ses revues d'évaluation des programmes nationaux.

f) Gestion de l'aide: évolution de l'action convergente

149. Nous avons expliqué dans notre Mémoire de 1981 les fondements et principales composantes de la nouvelle stratégie canadienne dite d'action convergente. Les structures administratives nécessaires ayant été mises en place, elle est entrée officiellement en vigueur le 1^{er} septembre 1982.

150. Elle devrait améliorer l'efficacité générale de l'aide canadienne en mettant l'accent moins sur les structures internes et modes de décaissement traditionnels que sur certaines modalités d'acheminement particulièrement bien adaptées à la population cible. L'opération ne sera certainement pas aisée, car il faut modifier à la fois des pratiques internes et des attentes externes.

151. Il est encore trop tôt pour tirer des conclusions définitives de cette expérience, mais d'ores et déjà, les résultats obtenus montrent que la mise en application sera longue, étant donné la multiplicité des interactions structurelles et programmatiques en cause; c'est dans cette perspective qu'il faut juger de l'efficacité de cette stratégie.

139. Par rapport à l'investissement total d'un pays en développement, l'aide canadienne demeure modeste. Aussi le Canada privilégie-t-il un renforcement de la coordination internationale entre les donateurs pour ultimement rehausser la qualité du dialogue avec les bénéficiaires. Les initiatives du Comité d'aide au développement de l'OCDE et du groupe de la Banque mondiale et du FMI dont nous avons parlé plus haut vont en ce sens.

(c) Aide au titre du soutien des activités

140. Pour être vraiment efficace, l'aide au titre du soutien des activités doit obéir à certaines contraintes; plus précisément, on doit s'assurer au préalable que les bénéficiaires s'efforcent dans une mesure raisonnable de trouver eux-mêmes les ressources nécessaires et de prendre des mesures spéciales pour résoudre les problèmes constatés.

141. Il n'existe évidemment pas de panacée aux multiples problèmes de fonctionnement - frais récurrents, formation, etc. Les initiatives restreintes qui permettent d'atténuer la portée de quelques-uns d'entre eux ne peuvent en aucun cas être assimilées à une solution définitive.

142. Là où la capacité de production est gravement sous-utilisée, l'ACDI veut investir d'abord dans la modernisation et la remise en état des biens d'équipement. L'Agence axe par ailleurs une grande partie de ses programmes de formation et de son assistance technique sur la poursuite de programmes socio-économiques déjà en place.

143. À l'aventir, elle accordera plus de poids aux frais courants de fonctionnement dans ses évaluations des chances de succès d'un projet. Et, elle prendra en considération à l'étape de la conception les ressources financières et techniques sur lesquelles peut compter le bénéficiaire pour assurer l'exploitation et l'entretien des installations une fois la construction terminée.

(d) Financement des dépenses locales et des frais récurrents

144. Tel que mentionné dans des Mémoires antérieurs, il est permis de délier 20 p. 100 de l'aide bilatérale canadienne pour l'affecter au financement des dépenses locales. Ce pourcentage s'appliquant à l'ensemble du programme, l'Agence dispose d'une marge de manœuvre considérable pour dépasser les gouvernements qui, faute de moyens financiers, ne peuvent réaliser un objectif de développement prioritaire. Dans ces décisions, elle tient compte, entre autres, des principaux objectifs de développement du pays bénéficiaire et de la nature du projet ou programme envisagé.

145. Quand le succès d'un projet de développement en dépend, le Canada peut accepter de financer des frais récurrents, dans la monnaie nationale du pays, mais toujours au coup par coup. Si le problème persiste, l'ACDI cherche alors à en cerner les causes et peut convenir de prolonger son intervention financière pendant une période de transition déterminée, à

135. L'aide alimentaire fournit un bon exemple de ce principe. Avant de s'engager, le Canada s'efforce d'évaluer les retombées potentielles de son apport sur les prix et les marchés du pays bénéficiaire. Il analyse également le sérieux des politiques et programmes agricoles du gouvernement demandeur, non seulement parce qu'il lui faut s'assurer que les importations alimentaires ne risquent pas de décourager la paysannerie locale, mais également parce que ces politiques doivent pouvoir intégrer efficacement l'aide alimentaire aux autres formes de soutien à la production agricole.
136. Une tranche importante de l'aide alimentaire bilatérale du Canada est affectée aux secours aux réfugiés et aux secours d'urgence, mais la part destinée à stimuler le développement agricole ira croissant à l'avenir. Pour ce faire, on offrira par exemple des contreparties financières aux activités de mise en valeur agricole ou encore, on liera les engagements pluriannuels d'aide alimentaire à certaines réformes de la politique alimentaire des pays bénéficiaires. En 1982, le Canada a ainsi conclu des ententes de trois ans avec le Bangladesh et le Mali. La première rattachait l'aide canadienne à une série de mesures politiques visant à accroître la production céréalière locale et à acheminer une part grandissante de l'aide bilatérale canadienne aux paysans les plus pauvres. Dans son entente avec le Mali, le Canada cherchait, comme d'autres donateurs de denrées alimentaires, à faciliter la reconstruction du marché céréalier qu'avait amorcé le gouvernement. En 1982, le Canada a également terminé la planification d'une entente pluriannuelle qui prévoit la livraison d'huile végétale (canola) à l'Inde en échange du renforcement de la production et de la commercialisation des oléagineux.
137. Partie intégrante du processus normal de programmation de l'ACDI, les "Revenus de programmes nationaux" établissent par ailleurs le bilan des apports du Canada à chacun des principaux bénéficiaires à son aide. Après discussion avec des dirigeants du pays en cause, elles deviennent un élément fondamental du dialogue entre donateur et bénéficiaire, un vaste cadre conceptuel et politique à l'intérieur duquel se dessine la coopération bilatérale. En plus d'en définir les paramètres financiers pour une période de planification de cinq ans, ces revues déterminent, pour les pays en cause, les secteurs économiques prioritaires et les groupes cibles ainsi que les modes d'acheminement, les formes de coopération et les objectifs et conditions de l'aide canadienne.
138. Soucieuse de ne négliger aucun des éléments du milieu politique dans le programme financier et technique qu'elle dresse pour un pays, l'ACDI cherche tous les moyens d'étudier ses analyses nationales. Ainsi, le concept d'"action convergente" change radicalement toute la planification des programmes nationaux. Alors que par le passé, un programme bilatéral n'était guère que la somme des activités entreprises isolément par les différentes directions générales, désormais, le chiffrage indicatif des projets concernant les "pays de concentration" tient compte de tous les modes d'intervention dont dispose l'Agence.

20 opérations. Il s'agit grosso modo d'appliquer aux projets visés des méthodes et des concepts de gestion liant le rendement (tel que mesuré par les services rendus) aux dépenses engagées. L'expérience se terminera à l'été de 1984, après quoi l'Agence en évaluera les possibilités d'application à l'ensemble de ses activités.

130. En 1982, l'ACDI a par ailleurs entrepris une révision de son "plan opérationnel", document qui constitue son principal outil de planification et de gestion de projets. Le travail n'était pas encore terminé à la fin de l'année.

131. Enfin, pour essayer de réduire le temps et les ressources consacrés à l'approbation interne des projets bilatéraux tout en garantissant une certaine cohérence qualitative dans la planification, l'Agence va simplifier ses modalités d'examen en 1983. La mise en oeuvre des projets devrait s'en trouver accélérée.

b) Dialogue et ententes en matière de politiques

132. Comme la plupart des pays donateurs, le Canada se voit réclamer de façon de plus en plus véhément par son opinion publique des preuves que son programme d'aide est vraiment utile aux pays en développement. Attestant de l'importance critique du problème, des groupes de discussion internationaux, tels que le Groupe de travail mixte de la Banque mondiale et du FMI sur les prêts de faveur et le Comité d'aide au développement de l'OCDE lui-même, se penchent actuellement sur la question. Mais l'évaluation n'est pas facile, car l'aide ne représente qu'une faible portion de l'investissement global d'un pays et une part encore plus faible de son PNB. Les résultats obtenus par les pays du tiers monde sont en fait fonction d'une myriade d'autres variables. Comme l'a bien montré le récent rapport de la Banque mondiale sur le développement des pays du Sahel, une bonne part des difficultés tiennent à l'existence de conflits chroniques entre certains objectifs ou programmes sectoriels.

133. De cette sensibilisation nouvelle au rapport entre l'efficacité ultime de l'aide et la situation politique intérieure sont nés les concepts du "dialogue politique" entre pays donateurs et bénéficiaires et de "l'aide conditionnelle". Le dialogue vise à permettre aux deux parties de définir ensemble les politiques de développement qui ont le plus de chances de produire des résultats tandis que l'aide conditionnelle va un peu plus loin en liant les prestations à l'adoption de certaines politiques.

134. Depuis longtemps déjà, le Canada juge implicitement l'efficacité politique des bénéficiaires de son aide, d'abord dans ses critères d'admissibilité, mais plus couramment encore par le choix des programmes ou projets. Ainsi, il ne saurait être question d'accorder à un pays dont la gestion macro-économique paraît médiocre une aide financière très liquide, à des conditions plutôt floues.

été annoncés aux représentants des ONG canadiennes lors d'un colloque national et seront largement diffusés par le Conseil canadien pour la coopération internationale, dans une publication à paraître.

125. À l'aide apportée dans le cadre des activités bilatérales viennent s'ajouter un certain nombre de mesures prises en vertu du programme FAM (Fonds administré par la mission) des ambassades et hauts-commissariats du Canada. D'application très souple, le FAM permet de subventionner des projets sectoriels ou multisectoriels particulièrement prometteurs, qui sont en général présentés par des groupes féminins locaux et visent à répondre à des besoins précis des femmes les plus pauvres et à atteindre des objectifs prioritaires pour elles. Certaines missions canadiennes font appel à des spécialistes ou à des ONG canadiennes pour choisir, en collaboration avec des groupes féminins, les projets qui permettraient le mieux aux femmes d'accroître leur propre productivité ou d'élargir leurs compétences monnayables.

126. Comme par le passé, le Canada a contribué aux programmes multilatéraux en faveur des paysannes et de leurs familles; l'UNICEF a ainsi reçu \$12 millions et le FNUAP, \$9,5 millions. Parallèlement, notre pays a contribué financièrement au Fonds de capital et d'emprunt du Women's World Banking, organisme qui peut fournir aux femmes des pays en développement les capitaux et les compétences nécessaires pour se lancer en affaires.

127. Dans le cadre de ses programmes de sensibilisation aux divers aspects du développement socio-économique, l'Agence a par ailleurs soulevé en 1982 la question des femmes et du développement à plusieurs reprises devant les députés canadiens, notamment devant les membres de la délégation à la Conférence des parlementaires de l'hémisphère occidental sur la population et le développement et ceux du Comité permanent des Affaires extérieures et de la Défense nationale; elle a aussi participé aux débats qui ont fait suite au dépôt des recommandations faites par le Groupe de travail parlementaire sur les relations Nord-Sud à propos de la condition féminine dans les pays en développement.

XI. EFFICACITÉ, GESTION ET ADMINISTRATION DE L'AIDE

a) Pratiques et procédures

128. Parallèlement à la réorganisation de ses structures selon le concept de l'"action convergente" (voir ci-dessous), l'ACDI a poursuivi ses efforts en vue de raffiner les modalités d'exécution de ses programmes à l'étranger. Nombre d'études et de propositions visant à améliorer la mise en oeuvre, à réduire les délais, à simplifier les formalités et à supprimer les doubles emplois ont été avancées. Nous ferons état des résultats obtenus en ce sens dans le Mémoire de 1983.

129. À l'intérieur de la nouvelle structure du programme bilatéral, dite structure des "Quatre A", l'ACDI a mis sur pied un important programme - pilote, la "gestion des projets par activité" (GPPA), qui touche environ

Politique

120. Le Canada a procédé en 1982 à un certain nombre d'interventions en faveur des femmes des pays en développement; toutes s'intègrent dans un objectif global d'accroissement du degré d'autonomie des populations. Pour garantir que son aide touche bien les groupes les plus nécessiteux des pays les plus pauvres, il a adopté cette année une "programmation intégrée" susceptible de relancer la campagne d'aide aux femmes qui a démarré il y a quelques années.

121. Cette nouvelle approche diffère de l'ancienne en ce qu'elle exclut les programmes destinés exclusivement aux femmes et les projets s'adressant uniquement à elles; des recherches récentes ont en effet montré que beaucoup d'opérations de développement dans des secteurs comme l'agriculture, l'énergie, l'utilisation de l'eau, l'hygiène, l'éducation et le logement, avaient été handicapées par le peu d'attention portée au rôle pourtant crucial des femmes dans ces domaines. Il ne suffit donc pas de veiller à ce que les femmes obtiennent une part croissante du "gâteau" économique créé par le développement, il faut également qu'elles participent davantage aux décisions qui orientent le progrès socio-économique lui-même. À cet égard, l'Agence a effectué en 1982 certains travaux préparatoires qui devraient déboucher sur la formulation d'une politique instaurant un meilleur équilibre entre l'efficacité et la justice sociale dans les programmes de développement.

122. Un exemple de cette programmation intégrée nous est donné par le projet de l'ACDI dans la région de Karnali-Bheri, au Népal: une foule d'activités ont été entreprises avec la participation de la communauté, après une étude approfondie, sur place, du rôle des femmes népalaises dans la gestion des fermes et l'agrandissement des domaines agricoles. Les recommandations découlant de ces études ont été mises en application dans des projets nouveaux touchant les soins médicaux primaires en milieu rural, l'irrigation, la conservation, la foresterie et le transport. Dans la mise en oeuvre, l'apport crucial des femmes au développement ainsi que leurs besoins et aspirations dans les domaines visés ont été pris en considération.

123. En 1982, l'ACDI a axé la révision de ses programmes régionaux et nationaux sur les perspectives de développement des ressources humaines et profité de l'occasion pour s'assurer qu'elle tenait suffisamment compte de l'aspect humain dans ces programmes et, plus particulièrement, qu'elle respectait le principe de l'égalité des sexes dans sa planification.

Activités

124. Pour faire suite à une étude spéciale, menée en 1981, sur les retombées des projets des ONG canadiennes sur les femmes, des recherches ont été entreprises dans certains pays en développement. Leurs résultats ont

L'argent est versé aux bénéficiaires par l'intermédiaire d'organismes non gouvernementaux du Canada, de la fonction publique ou d'une agence du pays concerné, ou encore d'un organisme international de développement; les activités subventionnées doivent toutefois cadrer avec les buts et objectifs du programme. Au cours de sa première année complète de fonctionnement, soit 1982-1983, le programme a donné lieu à des décaissements de \$1,2 million.

v) Aide à la recherche dans les pays en développement

La communauté internationale est de plus en plus sensible aux services que peuvent rendre la science et la technologie dans la lutte pour le développement; il importe de répondre aux besoins du tiers monde à cet égard. Dans son rapport de 1969, la Commission Pearson signalait toutefois deux lacunes graves: la pénurie de ressources humaines, qui interdit à ces nations de mener des recherches de leur propre initiative, et la très faible proportion des activités internationales de recherche et de développement qui revient au tiers monde.

117. L'une des grandes contributions canadiennes au redressement de cette situation est le Centre de recherches pour le développement international (CRDI), fondé en 1970 avec mandat de lancer, d'encourager, d'appuyer et de mener des recherches sur les problèmes des pays du tiers monde et sur l'exploitation des découvertes scientifiques, inventions techniques et autres connaissances pour le progrès économique et social de ses régions. Financé exclusivement par l'État canadien, le Centre est néanmoins un organisme autonome, régi par un conseil d'administration international.

118. Le Centre s'est efforcé de remplir son mandat en collaborant à des projets de recherche définis, conçus, menés et gérés par des chercheurs originaires de pays en développement et travaillant normalement dans leur propre pays. Le CRDI veut en faire financer des recherches appliquées susceptibles de régler certains problèmes de développement constatés par les pays en cause tout en jetant les bases des futures équipes de recherche de ces nations. Là où le besoin s'en fait sentir, il fournit aussi un soutien technique aux chercheurs.

119. Le CRDI a financé quelque 283 projets en 1982-1983, y investissant \$45 millions en tout; il a dépensé \$2 millions de plus à des programmes de formation. La répartition sectorielle de ce budget s'établit ainsi: agriculture, alimentation et diététique, 40 p. 100; sciences sociales, 24 p. 100; sciences de la santé, 13 p. 100; sciences de l'information, 11 p. 100; projets coopératifs (associant des institutions du Canada et d'un pays en développement à des fins de recherche en collaboration), 8 p. 100; autres, 4 p. 100. Par région géographique, elle se présente ainsi: Amérique latine, 32 p. 100; Asie, 28 p. 100; Afrique, 24 p. 100; Moyen-Orient, 5 p. 100; divers projets (multinationaux et autres), 11 p. 100.

1. Depuis sa création, le CRDI a financé plus de 1 600 projets et dépensé près de \$280 millions à ce titre.

politiques et programmes démographiques doivent donc être intégrés à l'ensemble des activités d'aide. Cette assistance doit par ailleurs revêtir des formes acceptables pour les divers courants d'opinion tant du pays donateur que du pays bénéficiaire. Conscient de tous ces faits, le Canada a entrepris en 1982 la préparation d'une refonte complète de son activité dans le domaine.

(iv) Administration publique

111. Nous avons déjà mentionné l'assistance en matière d'administration publique fait partie intégrante de la coopération technique offerte par le Canada au tiers monde. Elle prend essentiellement deux formes: la formation de citoyens d'un pays en développement au Canada et l'envoi d'experts canadiens en mission à l'étranger. Au cours des dernières années, cependant, d'autres modes de coopération ont vu le jour.

112. Dans le cadre de son programme de "coopération institutionnelle", l'ACDI apporte par exemple son soutien financier à certains projets de développement international prônés par la Fondation canadienne pour la vérification intégrée (FCVI), organisme non gouvernemental qui vise, entre autres, à aider les pays en développement à relever la qualité de la vérification dans leur fonction publique et à communiquer aux vérificateurs de ces pays les constats et expériences de leurs collègues canadiens en matière de vérification intégrée, de façon à améliorer le contrôle budgétaire et l'efficacité des dépenses publiques.

113. L'ACDI participe notamment au recrutement des membres, aux programmes d'aide technique et aux colloques régionaux de la Fondation. En 1982-1983, quinze pays d'Afrique, d'Asie, des Antilles et d'Amérique latine ont bénéficié de l'aide de la FCVI, qui a reçu à ce titre environ \$350 000.

114. Autre initiative récente (1980-81): le programme "Promotion de la gestion". Il a pour but d'accroître la compétence des gestionnaires des pays en développement, de façon qu'ils puissent faire un usage efficace et productif de leurs ressources et trouver des solutions à l'évolution rapide des besoins de leur société sans sortir de leur contexte économique, culturel et social. Ce programme fait la preuve que le Canada et les pays en développement peuvent travailler la main dans la main à la solution de problèmes de gestion et, notamment, tirer profit de leurs expériences mutuelles.

115. Ce programme s'adresse plus particulièrement aux cadres de haut niveau et aux décideurs de l'administration publique et peut comporter des colloques, des affectations à court terme, des missions et des prix.

1. Voir section IX a) iii).

Un groupe de travail interministériel a également été créé pour coordonner l'aide et les activités écologiques d'un certain nombre de ministères fédéraux. Par ailleurs, les nouveaux programmes de formation offerts aux fonctionnaires de l'ACDI comportent des ateliers sur les problèmes écologiques.

105. Le Canada a financé en 1982 bon nombre d'institutions multilatérales et non gouvernementales oeuvrant dans les secteurs de l'environnement et des richesses naturelles, souvent dans des domaines qui ne bénéficient guère de l'aide bilatérale, comme le logement et la lutte contre la pollution.

106. En outre, le CRDI a consacré environ 20 p. 100 de son activité à des projets concernant l'environnement ou les richesses naturelles, surtout dans trois domaines: la foresterie, les pêches et la lutte contre les maladies.

iii) Population

107. L'aide directe du Canada aux projets à caractère démographique s'est beaucoup accrue au cours des ans, mais demeure encore aujourd'hui plutôt modeste. Jusqu'à présent, on s'est surtout intéressé aux techniques de planification familiale et à leur diffusion au sein des classes pauvres de la population, sans remplacer de façon explicite ce problème dans le cadre plus large du "développement".

108. L'assistance canadienne à ce titre prend les formes suivantes:

- soutien à des organismes multilatéraux comme le Fonds des Nations Unies pour les activités en matière de population (FNUAP);
- soutien à des organisations privées reconnues à l'échelle internationale, comme la Fédération internationale du planning familial (FIPF);
- aide bilatérale de l'ACDI, fournie à la demande expresse de pays en développement, mais en tenant compte des sensibilités canadiennes et des contraintes matérielles: études démographiques, assistance technique, et initiation et soutien à des programmes d'hygiène publique;
- encouragement de la recherche concernant certains problèmes liés à la planification des naissances, comme les mécanismes biologiques de la reproduction.

109. En tout, le Canada a consacré quelque \$21 millions à ces activités en 1982-1983; de ce montant, le FNUAP a reçu \$9,5 millions et la FIPF, \$5,4 millions.

110. Il est désormais admis que la "population" constitue moins un secteur d'intervention en soi qu'un ensemble de problèmes aux ramifications extrêmement vastes. Pour vraiment favoriser le développement, les

de sylviculture sociaux ou communautaires. C'est la voie que le Canada a choisit pour tenter d'aider les populations rurales à protéger leur milieu de vie. Viennent compléter ce programme de "sylviculture sociale" des activités de formation, de recherche et de reboisement.

99. Au fil des ans, le programme, d'abord cantonné à l'assistance technique, s'est enrichi d'interventions plus directes, dans un cadre bilatéral. Des projets de sylviculture sociale sont maintenant en cours en Inde, au Honduras et au Sénégal. D'autres étaient en préparation en 1982.

100. Certains sont financés par des organisations non gouvernementales - tels les programmes de gestion des boisés villageois à Haïti et au Lesotho; d'autres sont indirectement pris en charge par le Canada dans le cadre d'ententes multilatérales. C'est le cas des activités de reboisement qui sont menées par, entre autres, l'Organisation pour l'Agriculture et l'Alimentation (FAO) et le Conseil international pour la recherche en agro-forêt (CIFRA).

11) Protection de l'environnement

101. Le Canada finance un certain nombre de programmes bilatéraux axés sur la gestion des richesses naturelles et la protection de l'environnement. Il aide notamment des pays en voie de développement à jeter les bases d'un réseau institutionnel consacré à l'écologie; à faire l'inventaire de leurs richesses naturelles et de l'utilisation de leur sol; à gérer leurs ressources marines, forestières, fauniques, botaniques et hydrauliques; à lutter contre les maladies, à assainir l'eau et à améliorer l'hygiène et les conditions générales de vie dans les villes et les villages pour assurer à la population une existence meilleure.

102. Les chiffres sur l'aide bilatérale consentie par le Canada en 1982-1983 montrent qu'une proportion appréciable (environ 12 p. 100) des engagements pris pendant l'année concerne des projets relatifs à l'environnement et aux richesses naturelles. Plus de la moitié de ceux-ci visaient l'amélioration de l'approvisionnement en eau potable et des conditions d'hygiène. La gestion de la forêt et le reboisement figurent également en bonne place.

103. D'une région du globe à l'autre, les projets entrepris varient: dans les Amériques et en Afrique anglophone, c'est sur l'approvisionnement en eau potable que l'accent a été mis; en Afrique francophone, on a surtout financé des projets de foresterie tandis qu'en Asie, l'essentiel des engagements est allé à des projets d'irrigation des cultures.

104. Dans sa programmation bilatérale, l'ACDI tient désormais toujours compte des répercussions écologiques potentielles de ses projets et cherche à en réduire - voire à éliminer - les effets négatifs. À cette fin, elle a entrepris des démarches pendant l'année pour retenir les services d'un conseiller en écologie du ministère de l'Environnement. Celui-ci aura pour mandat de revoir le mode d'évaluation de l'impact écologique.

Formation au Canada (les chiffres de 1981 sont donnés entre parenthèses)

93. Toujours au titre de l'aide bilatérale, le Canada a accueilli en 1982, dans ses universités et collèges ou au sein de divers organismes privés, publics ou para-publics 248 (261) stagiaires de pays en développement. De ce nombre 105 (57) venaient d'Afrique francophone, 79 (129) d'Afrique anglophone, 39 (10) d'Asie, et 30 (65) des Amériques.

94. On recensait au total 651 (756) stagiaires de cette espèce au Canada en 1982; 432 (459) n'avaient pas terminé leur formation à la fin de l'année. Le tableau IX-6 présente leur répartition selon le région d'origine.

95. Outre les stagiaires relevant directement de l'ACDI (tableau IX-6), 218 (237) étudiaient au Canada en 1982, grâce au parrainage d'organisations canadiennes ayant passé contrat avec l'Agence. Leur répartition par région d'origine s'établit ainsi:

TOTAL		218
Amériques	71	
Afrique anglophone	54	
Asie	16	
Afrique francophone	77	

96. À la demande des Nations Unies et de ses agences spécialisées, le Canada a en outre reçu 113 boursiers des Nations Unies. S'ajoutant au groupe qui était encore en formation au début de l'année, cela a porté à 163 le nombre des boursiers en stage au Canada en 1982, contre 209 en 1981.

b) Autres domaines d'intervention

1) Sylviculture et reboisement

97. Les forêts de la Terre fournissent à l'homme quantité de produits essentiels: combustible, matériaux de construction, nourriture. Or dans un nombre croissant de régions du tiers monde, ces ressources forestières s'épuisent et ne répondent plus aux besoins vitaux de la population. La croissance démographique pousse au défrichement de la forêt et à la mise en culture des terres. Mais en plus de détruire un couvert végétal précieux, elle dégrade le réseau hydrographique souterrain, aggrave les risques d'inondation, réduit la fertilité du sol, et à terme, provoque une désertification et un appauvrissement du milieu qui représentent une perte économique incalculable.

98. Pour préserver l'équilibre entre les multiples fonctions de la forêt (sociale, défensive, productive), il faut d'abord trouver de nouvelles méthodes de gestion forestière, puis amener les populations locales à s'engager résolument dans cette voie, c'est-à-dire créer des programmes

Tableau IX-5

Répartition des stagiaires de l'ACDI recevant une formation dans leur pays d'origine ou dans un tiers pays selon la région géographique, de 1980-1981 à 1982-1983

Région	Pays d'origine			Tiers pays			Total		
	1980-81	1981-82	1982-83	1980-81	1981-82	1982-83	1980-81	1981-82	1982-83
Amérique	6	6	6	270	299	262	305	276	268
Afrique anglophone	4	4	47	36	38	54	42	40	101
Asie	8	8	10	57	75	28	83	65	38
Afrique francophone	222	250	295	83	63	50	285	333	345
TOTAL	240	268	358	446	475	394	715	714	752

Source: ACDI

Tableau IX-6

Répartition des stagiaires au Canada selon la région géographique d'origine, 1982

Région d'origine	Formation scolaire ou universitaire		Formation pratique		Total
	1982	1981	1982	1981	
Amérique	65	27	27	92	92
Afrique anglophone	283	10	10	293	293
Asie	21	32	32	53	53
Afrique francophone	194	19	19	213	213
TOTAL	563	88	88	651	651

Source: ACDI

87. Le Centre a en outre tenu trois séances de travail, d'une durée de trois jours chacune, sur l'Afrique anglophone, l'Asie et l'Afrique francophone. Rassemblant des représentants de divers pays en développement et des coopérateurs canadiens, ces ateliers avaient un double but:

- permettre aux fonctionnaires étrangers de mieux comprendre le rôle du coopérateur dans le programme d'aide au développement du Canada et les mécanismes de la préparation à la mission;

- les amener à suggérer aux coopérateurs des moyens de s'adapter plus facilement à la vie dans leur pays de mission.

88. Le Centre fait largement appel aux moyens audiovisuels pour mener ses activités. En 1982, il a par exemple produit des documentaires - diapositives sur un certain nombre de pays, à l'intention des coopérateurs en partance, de même que des vidéo-cassettes sur les projets de l'ACDI et la communication interculturelle.

89. En collaboration avec les Divisions des programmes géographiques, des ressources humaines et des programmes spéciaux, le Centre de préparation a par ailleurs mis au point un programme pour les coopérateurs canadiens qui seront envoyés en mission en Chine. Les activités menées dans ce cadre en 1982 sont les suivantes:

- tenue de deux colloques avec des spécialistes de la Chine dans le but de dresser une liste de critères pour la sélection et la formation des futurs coopérateurs;

- établissement d'une documentation audiovisuelle et écrite pour le Centre de préparation et les cinq centres régionaux du Canada qui recevront les candidatures et fourniront aux postulants des renseignements sur la Chine.

90. En collaboration avec les ambassades canadiennes intéressées, le Centre de préparation a dispensé des cours de langue aux coopérateurs pour faciliter leur intégration. Outre les coopérateurs d'Amérique latine, qui doivent apprendre l'espagnol ou le portugais, il a aidé des personnes affectées en Indonésie, en Tanzanie et ailleurs. En tout, quelque 53 coopérateurs d'Asie et des Amériques ont bénéficié de cours de langue en 1982.

91. Parmi les activités envisagées pour l'avenir, citons: l'ajout de nouvelles langues au programme, l'étoffement des activités déjà en cours et la préparation d'un "dossier-retour" qui aiderait les coopérateurs à se "réhabituer" au mode de vie canadien.

Formation dans le pays d'origine ou dans un tiers pays

92. Dans le cadre de programmes bilatéraux de formation, l'ACDI prend en charge un certain nombre d'étudiants inscrits dans des établissements d'enseignement de leur propre pays ou d'un autre pays en développement. Le tableau IX-5 présente la répartition de ces stagiaires par région géographique, pour les trois dernières années.

Tableau IX-4

Répartition des coopérants
par secteur, 1980-1982

Secteur	1980	1981	1982
Pourcentage			
Ressources renouvelables	37,4	29,8	39,0
Éducation	26,9	24,9	20,3
Énergie, transports, communications	17,1	22,5	26,5
Industrie, mines	5,8	8,7	4,9
Administration publique	4,3	5,6	3,2
Planification économique	3,0	4,0	2,9
Commerce, transactions bancaires, tourisme	2,4	2,4	2,0
Santé	1,6	1,2	0,7
Services sociaux	1,5	0,9	0,5
TOTAL	100,0	100,0	100,0

Sources: ACIDI

des pays du tiers monde, à venir en aide aux laissés-pour-compte de la croissance économique et à satisfaire les besoins essentiels des populations dans le but d'accroître leur productivité et d'améliorer leur sort. L'assistance technique - soit l'envoi d'experts canadiens et la formation de spécialistes locaux - est ici un instrument de progrès important; elle peut être fournie aux pays bénéficiaires sur une base bilatérale, multilatérale ou spéciale.

Recrutement et sélection des coopérants

83. En 1982, 645 experts canadiens (720 en 1981) ont participé aux projets bilatéraux de l'ACDI; 64 p. 100 (59 p. 100 en 1981) d'entre eux avaient été engagés directement par des organisations canadiennes ayant passé contrat avec l'Agence.

Leur répartition par région géographique s'établit ainsi:

Région	1981	1982
Amériques	13,0	14,0
Afrique anglophone	34,0	31,0
Asie	11,0	13,0
Afrique francophone	42,0	42,0
TOTAL	100,0	100,0

84. Le tableau IX-4 présente la répartition sectorielle de ces coopérants au cours des trois dernières années. Si l'on observe de légers déplacements d'un secteur à l'autre pendant cette période, trois domaines - ressources renouvelables, éducation et énergie, transports et communications - conservent toujours une place prédominante, comme le voudrait, au reste, l'orientation générale de la stratégie canadienne de coopération.

Services aux coopérants

85. Le Centre de préparation des coopérants de l'ACDI offre aux coopérants (qu'ils aient ou non un contrat direct avec le gouvernement) et à leurs familles, ainsi qu'aux coopérants des organismes non gouvernementaux, un vaste choix de programmes et de services pour les préparer à leur séjour à l'étranger et à leur mission de coopération au développement.

86. En 1982, comme auparavant, l'essentiel des ressources du Centre a été consacré aux séances de préparation, mais on s'est parallèlement employé à étoffer les autres services. En tout, 611 coopérants (et leurs familles) de diverses régions canadiennes ont bénéficié d'ateliers de préparation avant leur départ; 72 ont eu droit à un stage d'initiation sur place et 57 personnes ayant terminé leur mission ont participé à un stage-retour au Canada.

Source: ACIDI

- L'évaluation des compétences dont disposent d'ores et déjà les pays en développement ou sur lesquelles ils pourraient compter pour assurer l'exécution, le financement, la diffusion et l'exploitation de programmes de recherche et de développement dans le domaine de l'énergie;
- la définition d'objectifs prioritaires de recherche et d'application d'après le bilan des ressources établi antérieurement et l'analyse de ces priorités avec les dirigeants nationaux, les chercheurs et toutes les autres parties intéressées.

Corporation Petro-Canada pour l'assistance internationale (PCAI)

81. Le mandat de PCAI est d'aider les pays en développement qui doivent importer leur pétrole à réduire, voire éliminer cette dépendance par la mise en valeur de leurs propres ressources pétrolières et gazières. La Société participe par exemple à des campagnes de prospection pétrolière et gazière, effectue des études préliminaires et connexes, et dispense assistance et formation techniques dans les domaines de la prospection, de l'exploitation et de la production de pétrole. Ces activités entrent dans le budget de l'aide au développement. En 1982, PCAI a pris des engagements d'un montant total de \$13,1 millions (voir tableau VIII-1, note 2), qui se ventilent de la façon suivante:

Barbade: L'aide technique et administrative apportée par PCAI à ce pays vise à aider la National Petroleum Corporation à évaluer les ressources de l'île en hydrocarbures, à accroître le potentiel de récupération et à relever le taux journalier de production de pétrole.

Jamaïque: PCAI aide la Petroleum Corporation of Jamaica à faire l'inventaire des ressources pétrolières sous-marines de la Jamaïque en effectuant des relevés sismiques supplémentaires et en procédant à une interprétation intégrée des données, notamment à un retraitement des renseignements géophysiques disponibles.

Sénégal: PCAI procède actuellement à l'évaluation d'un bassin situé dans l'Atlantique au large des côtes sénégalaises. Outre la révision des données de prospection existantes, elle effectuera divers sondages sismiques sous-marins.

Tanzanie: Dans le cadre d'un projet de coopération avec la Tanzania Petroleum Development Corporation, PCAI doit évaluer les ressources potentielles de la Tanzanie en hydrocarbures grâce, entre autres, au forage d'un puits sous-marin.

(iii) Coopération technique et ressources humaines

82. L'épanouissement des ressources humaines est l'un des trois grands volets du programme canadien d'aide au développement. En mettant l'accent sur l'être humain à la fois comme moyen et comme fin du développement, il vise à accroître le bassin de compétences techniques

valorisation des projets énergétiques à petite échelle pour équilibrer les investissements plus traditionnels dans des projets de production et de transport d'énergie hydroélectrique; la réaffirmation de la valeur des initiatives multilatérales dans ce domaine; l'insistance mise sur la coordination entre les donateurs et les bénéficiaires. Le Canada a amorcé des démarches en vue de participer au programme d'études énergétiques de la Banque mondiale et a collaboré à la revue, par la Banque de développement asiatique, des projets d'aide technique qui se déroulent actuellement en Asie, dans le domaine énergétique. Il s'occupe également de coordonner certaines interventions dans le secteur de l'énergie, notamment au sein du groupe "Coopération pour le développement en Afrique".

77. Les décaissements bilatéraux du Canada dans le domaine de l'énergie (y compris ceux de la Corporation Petro-Canada pour l'assistance internationale figurent aux tableaux IX-2 et IX-3, par sous-secteur et consacrés à la production et à la distribution d'électricité - secteurs de compétence traditionnels du Canada. Sont inclus à ce poste les contributions au titre de projets de grande envergure (y compris les études de faisabilité de projets comportant un transfert de technologie), comme l'installation de lignes de transmission au Kenya et en Tanzanie, l'électrification rurale en Thaïlande, en Égypte, en Indonésie, au Cameroun et en Côte-d'Ivoire, et la construction de gros barrages hydroélectriques en Inde, au Pakistan, à Madagascar et au Ghana.

78. Les décaissements relatifs au secteur pétrolier et gazier ont également absorbé une part importante de l'aide accordée. Ils se composent d'une part de marges de crédit consenties à l'Inde et au Pakistan au titre du développement et d'autre part d'avances pour la planification d'autres programmes au Bangladesh et à la Barbade.

79. Le Canada s'intéresse de plus en plus aux énergies renouvelables et à la production énergétique à petite échelle; l'un de ses principaux moyens d'intervention à cet égard est le Programme de coopération industrielle de l'ACDI. En tout, quelque 80 projets très divers ont été financés en 1982 dans plus de 30 pays en développement, pour un décaissement total d'environ \$6 millions.

80. Dans notre Mémoire de 1981, nous signalons un certain nombre d'initiatives prises par le CRDI dans le domaine de l'énergie, notamment à la suite de la Conférence des Nations Unies sur les sources d'énergie nouvelles et renouvelables (UNERG), tenue à Nairobi en août 1981. Le Centre a ainsi créé un groupe consultatif international, composé de chercheurs éminents et de dirigeants de pays en voie de développement. Le mandat de ce Groupe de recherche énergétique (GRE) comprend:

- la conduite d'enquêtes sur les recherches et la technologie énergétiques des pays industrialisés, l'évaluation de leur utilité pour les pays en développement, l'étude des conditions de transfert de ces techniques et la détermination des applications qui auraient le plus de retombées intéressantes pour le tiers monde;

Tableau IX-1
Décaissements au titre de l'aide
alimentaire, 1981 et 1982

Programme		1981		1982	
		\$ M	%	\$ M	%
AIDE BILATÉRALE		92,8	47,3	139,6	53,1
dont:					
Amériques	14,3	7,3	6,6	2,5	10,7
Afrique anglophone	20,0	10,2	28,2	31,6	6,1
Asie	41,7	21,3	83,0	2,2	6,1
Afrique francophone	12,0	6,1	15,9	46,9	100,0
Autres bénéficiaires	4,8	2,4	5,9		
AIDE MULTILATÉRALE	103,2	52,7	123,1		
dont:					
Programme alimentaire mondial	98,8	50,4	118,9	45,3	
(PAM)					
UNRWA	4,4	2,3	4,2	1,6	
TOTAL	196,0	100,0	262,7		

Source: ACDI

1. Comprend les frais de transport.

71. L'aide bilatérale aux PLMA augmente tant sur le plan des décaissements (de 24 à 28 p. 100) que des engagements (de 23 à 30 p. 100) d'une année sur l'autre. Dans cette catégorie également, l'Afrique obtient l'essentiel des fonds, suivie par l'Asie (tableau VIII-4).

IX. RÉPARTITION SECTORIELLE DE L'AIDE

a) Secteurs prioritaires

1) Agriculture et développement rural

72. L'objectif premier du programme canadien d'aide alimentaire et d'assistance à l'agriculture et au développement rural demeure de réduire la faim, la sous-alimentation et la pauvreté, en permettant aux pays en développement de mieux subvenir à leurs propres besoins alimentaires. Aussi l'ACDI continuera-t-elle à privilégier les cultures vivrières plutôt que l'agriculture d'exportation et accordera-t-elle une attention spéciale aux retombées des programmes agricoles sur le régime alimentaire des groupes cibles.

73. L'aide alimentaire demeure une importante composante du programme agricole du Canada. La part des décaissements d'APD qui lui est consacrée grimpe de 14 p. 100 en 1981 à 18 p. 100 en 1982. Plus de la moitié des livraisons bilatérales effectuées à ce titre en 1982 sont allées à des pays d'Asie.

74. En sa qualité de membre actif du groupe "Coopération pour le développement en Afrique" (CDA), l'ACDI a accru son aide à la recherche agricole, notamment en contribuant à relever le calibre de certains centres nationaux et régionaux pour leur donner les moyens d'exploiter les résultats de recherche et d'autres services des centres internationaux. Le Canada a aussi majoré ses contributions à la recherche internationale en 1982 (tableau VI-2).

75. Le "développement rural" constitue un domaine d'intervention privilégiée pour le Canada, qui en apprécie le caractère multidisciplinaire et l'impact potentiel sur les groupes visés. On peut dire que cette forme d'aide jette les bases du développement socio-économique d'un pays. Au fil des ans, il s'est avéré que l'efficacité d'une stratégie de développement variait suivant les particularités institutionnelles du pays cible. Dans cette optique, nous avons entrepris un examen approfondi de notre formule de "développement rural intégré". Un premier rapport intitulé "Développement rural intégré: L'état de la question, 1982-1983" est paru en 1982. Le travail se poursuit.

11) Énergie

Politique et réalisation

76. L'énergie demeure un secteur hautement prioritaire du programme canadien d'aide au développement international. Parmi les principales caractéristiques des actions entreprises en 1982, signalons: la

Tableau VIII-3

Répartition de l'aide bilatérale selon la région géographique, 1981 et 1982

Région géographique	1981		1982		1981		1982	
	\$ M	%	\$ M	%	\$ M	%	\$ M	%
Décaissements (nets)	305,5	34,1	407,9	40,0	368,7	30,4	412,5	41,4
Afrique	105,9	11,8	97,2	9,5	139,1	11,5	107,2	10,8
Amériques	290,4	32,5	326,2	32,0	526,1	43,4	304,1	30,6
Asie	22,4	2,5	7,7	0,8	7,8	0,7	0,4	..
Europe	0,5	0,1	1,3	0,1	0,3	..	1,3	0,1
Océanie	169,8	19,0	179,5	17,6	169,8	14,0	170,0	17,1
Autres formes d'aide bilatérale ¹	894,5	100,0	1019,8	100,0	1211,8	100,0	995,5	100,0
AIDE BILATÉRALE TOTALE	894,5	100,0	1019,8	100,0	1211,8	100,0	995,5	100,0

Source: Questionnaire du CAD (1981 et 1982), tableaux 2A et 3A.

... Montant négligeable
1. La ventilation de cette catégorie est donnée au tableau VIII-1.

Tableau VIII-4

Répartition de l'aide bilatérale aux pays les moins avancés (PLMA), 1981 et 1982

PLMA	1981		1982		1981		1982	
	\$ M	%	\$ M	%	\$ M	%	\$ M	%
Décaissements (nets)	130,7	14,6	160,1	15,7	125,7	10,3	211,4	21,2
Afrique	9,1	1,0	11,4	1,1	10,5	0,9	5,0	0,5
Amériques	77,5	8,7	117,6	11,5	139,3	11,5	86,8	8,7
Asie	894,5	100,0	1019,8	100,0	1211,8	100,0	995,5	100,0
AIDE BILATÉRALE TOTALE	894,5	100,0	1019,8	100,0	1211,8	100,0	995,5	100,0

Source: Questionnaire du CAD (1981 et 1982), tableaux 2A et 3A.

Tableau VIII-2

Répartition de l'aide bilatérale selon
le groupe de revenu, 1981 et 1982

Groupe de revenu ¹	Décaissements (nets)		Engagements	
	\$ M 1981	% 1982	\$ M 1981	% 1982
Pays à faible revenu (PFR)	529,5	59,2	670,1	65,7
Pays à revenu moyen (PRM)	143,3	16,0	135,1	13,2
Nouveaux pays indus- triels (NPI)	4,0	0,5	8,7	0,9
Pays de l'OPFP	2,1	0,2	6,1	0,6
Aide non distribuable par groupe de revenu ou non précisée ²	45,8	5,1	20,3	2,0
Autres formes d'aide bilatérale ³	169,8	19,0	179,5	17,6
AIDE BILATÉRALE TOTALE	894,5	100,0	1019,8	100,0

Source: Questionnaire du CAD (1981 et 1982), tableaux 2A et 3A.

1. D'après les définitions du CAD et le revenu moyen par habitant de 1980, les groupes de revenu s'établissent ainsi:
PFR: pays dont le revenu moyen par habitant est inférieur à \$600 EU;
PRM: pays dont le revenu moyen par habitant dépasse \$600 EU;
NPI: pays qui ont atteint un niveau relativement élevé de développement - Argentine, Brésil, Corée (République de), Espagne, Grèce, Hong Kong, Mexique, Portugal, Singapour, Taïwan et Yougoslavie; Pays de l'OPFP: Algérie, Arabie saoudite, Emirats arabes unis, Equateur, Gabon, Iran, Irak, Koweït, Lybie et Qatar. Deux autres pays membres - l'Indonésie et le Nigéria - sont classés dans les PFR et les PRM respectivement.
2. Ne comprend pas les dons aux pays du Sahel qui font partie des pays à faible revenu.
3. La ventilation de cette catégorie est donnée au tableau VIII-1.

Tableau VIII-1

Répartition de l'aide bilatérale selon la situation du pays bénéficiaire, 1981 et 1982

Situation	Décaissements (nets)		Engagements	
	1981	1982	1981	1982
	\$ M	\$ M	\$ M	\$ M
	%	%	%	%
Pays de concentration	520,7	642,8	870,8	620,5
Pays à instruments choisis	99,5	93,7	65,8	91,9
Autres pays admissibles	58,8	83,2	67,1	88,9
Somme partielle de l'aide distribuable par pays	679,0	819,7	1003,7	801,3
Aide non distribuable par pays/catégorie ¹	45,7	20,6	38,3	24,2
Autres formes d'aide bilatérale ²	169,8	179,5	169,8	170,0
dont:				
Frais d'administration	58,7	70,2	58,7	70,2
ONG canadiennes	59,6	41,0	59,6	41,0
Secours d'urgence	-	1,2	-	1,2
CRDI	17,9	24,6	17,9	22,1
Coopération industrielle	-	4,1	-	3,7
ONG internationales	13,9	14,8	13,0	14,8
Soc. Petro-Canada pour l'assistance internationale	-	0,6	-	1,5
AIDE BILATÉRALE TOTALE	894,5	1019,8	1211,8	995,5

Source: Questionnaire du CAD (1981 et 1982), tableaux 2A et 3A.

1. Comprend les contributions à des projets régionaux.
2. Les chiffres sur l'aide distribuable par pays faisant l'objet d'un poste distinct dans les tableaux, les "autres formes d'aide bilatérale" consistent pour l'essentiel en apports non directement distribuables de cette façon. Ainsi, PCI a consacré \$13,1 millions à l'assistance technique en 1982. De ce montant, \$12,5 millions étaient distribuables par pays; le solde de \$0,6 million figure sous "Autres formes d'aide bilatérale".

Catégorie III - "Autres pays admissibles"

Dans ces pays, l'aide canadienne se résume d'ordinaire aux projets financés par la mission (programme FAM) ou réalisés par des ONG, ainsi qu'à quelques activités de coopération institutionnelle et industrielle. Peut s'y ajouter au besoin de l'aide alimentaire pour motifs humanitaires.

65. Ce cadre d'admissibilité n'est devenu pleinement opérationnel qu'en 1982. Il est donc trop tôt pour tirer des conclusions définitives sur son efficacité, mais on peut déjà dégager certaines grandes tendances et notamment celles-ci :

- Les particularismes nationaux en matière de développement institutionnel peuvent imposer des choix différents pour réaliser le même objectif;

- Les conséquences administratives de telle forme d'aide varient parfois beaucoup d'un pays à l'autre;

- Le fait qu'un pays affiche un revenu par habitant élevé ne signifie pas forcément qu'il dispose des compétences nécessaires pour gérer l'aide qui lui est fournie.

66. On trouvera dans le Mémoire de 1983 une analyse plus complète de l'expérience en cours.

b) Décaissements et engagements au titre de l'aide bilatérale

67. Les tableaux VIII-1 à VIII-4 résument les activités menées en 1981 et 1982 au titre de l'aide bilatérale.

68. Le tableau VIII-1 donne la répartition de l'aide bilatérale d'après les trois catégories de bénéficiaires reconnues par l'ACDI. Les "pays de concentration" rendent compte de près des deux tiers des décaissements bilatéraux de 1982. Si, en pourcentage, la part des engagements bilatéraux envers ces pays reste stable, en chiffres absolus, elle recule par rapport à l'année précédente.

69. Les pays à faible revenu demeurent les principaux bénéficiaires de l'aide bilatérale canadienne. En 1982, leur part des décaissements est montée à 66 p. 100 du total, contre 60 p. 100 l'année précédente. Le pourcentage des engagements en leur faveur a toutefois régressé dans une proportion semblable au cours de la même période (voir le tableau VIII-2).

70. Le tableau VIII-3 présente une répartition de l'aide bilatérale selon la région géographique. Avec 40 p. 100 des décaissements totaux en 1982, l'Afrique s'arroge la part du lion; les engagements bilatéraux envers cette région sont également en hausse. En Asie, les décaissements sont restés stables, mais les engagements ont marqué une régression entre 1981 et 1982.

VIII. RÉPARTITION DE L'AIDE BILATÉRALE

a) Principes directeurs

62. Les critères d'admissibilité à l'APD dont nous avons parlé dans notre Mémoire de l'an dernier ont continué de régir les choix du gouvernement canadien en 1982. Les grands principes de cette nouvelle politique se résument ainsi:

- concentration de l'APD dans les pays les plus démunis;
- vision plus large et mieux coordonnée des relations bilatérales avec les pays en voie de développement;
- ventilation plus fine des pays du tiers monde; l'objectif est de distinguer les nations à revenu élevé ou moyen des pays peu industrialisés et des pays les plus pauvres et les moins développés, pour ensuite adapter les stratégies et les tactiques de coopération aux besoins propres de chaque catégorie.

63. Ce cadre témoigne du triple objectif que s'est fixé le Canada: Favoriser, dans les pays en développement, des formes de croissance socio-économique indépendantes; jeter les bases de relations commerciales et politiques durables; et affiner les stratégies de coopération avec le tiers monde en mettant l'accent sur les pays les plus pauvres.

64. La politique d'aide bilatérale du Canada distingue trois catégories de bénéficiaires potentiels d'après la nature et l'importance des intérêts canadiens - institutionnels, commerciaux ou politiques - et les formes d'aide offertes dans le cadre des programmes établis:

Catégorie I - "Pays de concentration"

Principaux bénéficiaires de l'APD du Canada, ils bénéficieront normalement d'une assistance très suivie et très considérable. L'aide qui leur est offerte fait l'objet d'une planification et d'une programmation pluriannuelles et peut emprunter toutes les formes et toutes les voies possibles.

Catégorie II - "Pays à instruments choisis"

Les formules proposées à ces pays seront de préférence souples, adaptables et faciles à gérer. Il n'y a pas de planification pluriannuelle dans cette catégorie, qui regroupe pour l'essentiel des pays à revenu moyen présentant d'intéressantes perspectives commerciales ou politiques à long terme. Entre autres formes d'aide envisageables, citons la marge de crédit, le cofinancement et tous les genres d'assistance technique, industrielle et institutionnelle.

57. Le Canada accorde ainsi un soutien actif aux campagnes de la Banque mondiale et des diverses banques régionales de développement en vue de promouvoir et de multiplier les opérations de financement conjoint, avec des organismes officiels ou des entreprises, dans le but ultime de mobiliser des ressources financières supplémentaires pour les activités de développement de haut calibre. Tout en coordonnant, au moins dans une certaine mesure, les initiatives des donateurs, ces formules leur permettent de participer à des projets qui seraient trop considérables sur le plan financier ou trop complexes sur le plan technique pour être assumés par un seul bailleur de fonds.
- b) Une nouvelle formule institutionnelle: le financement conjoint avec les agences d'aide arabes
58. Le Canada finance (ou envisage de financer) conjointement avec des donateurs arabes quelque 45 projets dans 35 pays d'Afrique, d'Asie et des Amériques. L'ensemble est chiffré à plus de \$8 milliards et rend compte d'environ \$1 milliard de l'APD bilatérale du Canada. Bon nombre de ces projets sont des opérations de grande envergure, dans le domaine de l'hydro-électricité ou des transports, qui ont été lancées par la Banque mondiale et dont le Canada finance, "en parallèle", certaines composantes.
59. Au cours des deux dernières années, le Canada a eu divers contacts avec des donateurs arabes. En 1982, ses représentants ont en outre fait la tournée du Fonds de développement saoudien, de la Banque islamique de développement, du Fonds du Koweït, du Fonds arabe, du Fonds d'Abou Dhabi, du Fonds de l'OPFP et de la Banque arabe pour le développement économique de l'Afrique (BADFA). L'ACDI a également créé le poste fonctionnel de conseiller principal et coordonnateur des affaires arabes, dont le titulaire a pour responsabilité essentielle la mise en train de projets de cofinancement avec des donateurs arabes.
60. Lors de la réunion conjointe du FMI et de la Banque mondiale à Toronto, en septembre 1982, le président de l'ACDI et des membres de la direction de l'Agence ont par ailleurs rencontré les dirigeants des agences d'aide arabes pour leur exposer les politiques et objectifs de l'ACDI; les participants à cette réunion ont également discuté de quelques projets et programmes d'intérêt mutuel. C'était la première rencontre de ce genre entre des membres de la haute direction de l'ACDI et des représentants des grandes institutions financières arabes qui forment le Groupe de coordination arabe.
61. La même année a été mis en chantier un document intitulé "L'ACDI et le monde arabe: esquisses de coopération en matière de développement". Le but de cet ouvrage est de mieux faire connaître au Canada et dans le tiers monde la nature, l'ampleur et les modalités de l'aide offerte par les organismes et institutions arabes.

Tableau VI-2

Répartition de l'aide multilatérale au Groupe
consultatif pour la recherche agricole
internationale (GCRAI), 1981 et 1982

Programme	Décaissements		Engagements	
	1981	1982	1981	1982
Centre international d'amélioration du maïs et du blé (CIMMYT)	1,43	1,51	1,50	1,53
Institut international de recherche sur le riz (IRRI)	1,43	1,51	1,50	1,53
Institut international d'agriculture tropicale (IIAT)	1,43	1,47	1,47	1,53
Centre international d'agriculture tropicale (CIAT)	1,27	1,44	1,45	1,53
Institut international de recherches sur les cultures des zones tropicales semi-arides (ICRISAT)	1,17	1,44	1,45	1,51
Centre international de la pomme de terre (CIP)	0,76	0,85	0,85	0,95
Laboratoire international de recherches sur les maladies animales (LIRMA)	0,60	0,65	0,65	0,75
Centre international de recherches agricoles dans les zones sèches (ICARDA)	0,40	0,60	0,60	0,68
Autres	0,57	0,73	0,73	0,81
TOTAL	9,06	10,20	10,20	10,82

Source: Questionnaire du CAD (1981 et 1982), tableaux 2A et 3A.

Fonds du Commonwealth pour la coopération technique (FCCT), à cause de son rôle d'agent central de financement pour tout le Commonwealth, et le Programme spécial de développement (PSD) qui assume la même fonction pour la francophonie; fii) le Fonds international de développement agricole (FIDA), le Groupe consultatif de la recherche agricole internationale (GCRAI - tableau VI-2), le Fonds des Nations Unies pour l'enfance (UNICEF), favorisés parce qu'ils s'occupent de problèmes mondiaux prioritaires tels l'alimentation, la population et le bien-être des mères et des enfants.

c) Aide humanitaire internationale

54. Dans le cadre de ce programme, le Canada vient en aide à diverses institutions internationales et organisations non gouvernementales canadiennes et internationales qui dispensent des secours humanitaires. Outre le fonctionnement courant d'organisations humanitaires internationales comme le Comité international de la Croix-Rouge (CICR), le Haut-commissariat des Nations Unies pour les réfugiés (UNHCR), et l'Office de secours et de travaux des Nations Unies pour les réfugiés de Palestine dans le Proche-Orient (UNRWA), l'Etat canadien finance les services d'urgence et d'aide aux réfugiés mis en place dans certains pays par des institutions internationales comme le Fonds des Nations Unies pour l'enfance (UNICEF) et divers groupes non gouvernementaux canadiens et internationaux.

55. En 1982, le Canada a par ailleurs entrepris de redéfinir sa politique en matière d'aide humanitaire internationale. Cette recherche, qui doit s'achever en 1983, guidera à l'avenir les actions canadiennes en cas de désastres d'origine naturelle ou humaine. L'accent sera mis sur l'efficacité, la complémentarité et la coordination des moyens retenus par le gouvernement canadien.

VII. FINANCEMENT CONJOINT

a) Financement conjoint avec des agences de développement multilatérales

56. En commun ou en parallèle, le Canada finance des projets de grande envergure avec diverses agences multilatérales. Pour garantir la cohérence administrative et respecter les contraintes légales sur la fourniture de biens et de services, il préfère d'ordinaire procéder par financement "parallèle" d'un service, d'un projet ou d'une portion de projet clairement définissable sur le plan financier; mais s'il juge une opération suffisamment cruciale à l'avancement du programme de développement d'un pays bénéficiaire et considère telle agence multilatérale particulièrement bien placée pour la réaliser, il est tout à fait prêt à passer par une forme de financement commun.

50. Bons nombre de motifs historiques ou politiques peuvent être avancés pour expliquer le soutien du Canada aux IFI, dont: la "force de frappe" de ces organismes, le préjugé favorable du Canada à l'égard des institutions multilatérales en général, et l'évolution des voies d'acheminement de l'aide canadienne au fil des ans. Ainsi, l'importance des agences des Nations Unies, du Commonwealth, de la francophonie et des centres de recherche agricole internationaux. Notre pays contribue en outre au fonctionnement de certaines institutions de coopération technique dans le but de garantir la vitalité du réseau multilatéral. Il croit en effet que ces groupes sont mieux en mesure qu'un pays seul de lever certains grands obstacles au développement et aussi que leurs activités complètent bien les interventions à caractère plus strictement financier des IFI et des programmes bilatéraux.

b) Agences et programmes des Nations Unies

51. Par l'intermédiaire de l'ACDI, le Canada finance quelque 36 programmes des agences des Nations Unies, du Commonwealth, de la francophonie et des centres de recherche agricole internationaux. Notre pays contribue en outre au fonctionnement de certaines institutions de coopération technique dans le but de garantir la vitalité du réseau multilatéral. Il croit en effet que ces groupes sont mieux en mesure qu'un pays seul de lever certains grands obstacles au développement et aussi que leurs activités complètent bien les interventions à caractère plus strictement financier des IFI et des programmes bilatéraux.

52. Le choix des institutions et programmes multilatéraux à financer se fonde sur un certain nombre de règles, dont les suivantes:

- soutien aux organismes de centralisation de l'aide au développement;
- aptitude de l'institution en cause à réaliser de façon efficiente et efficace des programmes de développement;
- priorité accordée aux pays les plus pauvres et, à l'intérieur de ces pays, aux couches les plus pauvres de la population;
- orientation en faveur de l'autosuffisance et de la satisfaction des besoins élémentaires de l'homme;
- primauté accordée aux grands problèmes dans les domaines clés de l'agriculture, de l'énergie et des ressources humaines.

53. Conformément à ces objectifs, le Canada accorde une large part de son soutien financier aux institutions suivantes: 1) le Programme des Nations Unies pour le développement (PNUD), de loin le principal bénéficiaire, surtout parce que c'est ce maillon du réseau onusien qui coordonne la plupart des projets de coopération technique et que 80 p. 100 de ses ressources vont aux pays les plus pauvres; 11) le

1. En 1982 le Canada a également participé activement aux délibérations du conseil du PNUD et de son comité plénier intersectoriel sur les modes de financement et d'administration du Programme.

Tableau VI-1

Décaissements d'aide multilatérale selon
le bénéficiaire, 1981 et 1982

Catégorie/Organisation bénéficiaire

(en millions de \$)		
1981	1982	
21,1	37,9	Souscriptions en capital (investissements):
0,8	1,1	Banque de développement des Caraïbes (BDC)
4,2	4,3	Société financière internationale (SFI)
9,1	0,9	Banque asiatique de développement (BASD)
7,0	2,1	Banque interaméricaine de développement (BID)
-	29,0	Banque internationale pour la reconstruction et le développement (BIRD)
-	0,5	Banque africaine de développement (BAfD)
288,1	146,0	Prêts et contributions (avances):
30,0	-	Fonds africain de développement (FAD)
56,7	-	Banque asiatique de développement (BASD)
5,9	3,0	Banque de développement des Caraïbes (BDC)
19,4	-	Banque interaméricaine de développement (BID)
176,1	143,0	Association internationale de développement (AID)
220,8	272,6	Dons:
98,7	128,9	Programme alimentaire mondial (PAM)
45,0	51,0	Programme des Nations Unies pour le développement (PNUD)
4,0	4,6	Haut-commissariat des Nations Unies pour les réfugiés (UNHCR)
7,3	7,8	Office de secours et de travaux des Nations Unies pour les réfugiés de Palestine (UNRWA)
10,0	12,0	Fonds des Nations Unies pour l'enfance (UNICEF)
7,7	9,5	Fonds des Nations Unies pour les activités en matière de population (FNUAP)
-	14,0	Fonds international de développement agricole (FIDA)
9,1	10,2	Groupe consultatif pour la recherche agricole internationale (GCRAI)
12,3	19,5	Autres organismes des Nations Unies
26,4	15,1	Autres organisations multilatérales
0,3	-	Banques régionales de développement
530,0	456,5	TOTAL

Source: Questionnaire du CAD (1981 et 1982), tableau 2A.

c) Retombées nationales du programme d'aide

45. Depuis deux ans, ce problème suscite de vifs débats tant au Parlement que dans la presse, le milieu des affaires et le monde syndical. Le consensus qui s'en dégage est que si l'objectif central du programme doit demeurer le développement socio-économique des pays peu industrialisés par une répartition équitable des bienfaits du progrès, il faut également se soucier des retombées de ces investissements sur l'emploi et la production au Canada.

46. Bien qu'on tienne compte des effets sur l'emploi d'un projet pendant sa conception et son examen, rien de précis n'est prévu dans le programme d'aide pour stimuler la création d'emplois au Canada. Non que le problème soit jugé négligeable: simplement, on donne la priorité aux critères d'aide dans le choix et l'élaboration des projets. En d'autres termes, l'objectif principal du programme d'aide demeure le développement, et le critère fondamental de sélection des projets, les besoins des pays en voie de développement.

VI. CONTRIBUTIONS MULTILATÉRALES

47. Le Canada achemine traditionnellement une portion appréciable de son APD par des voies multilatérales, tant en chiffres absolus qu'en comparaison avec d'autres pays donateurs. L'attitude du gouvernement à cet égard traduit d'une part son souci constant de préserver un certain équilibre entre les divers éléments du programme d'APD, et d'autre part l'intérêt accru qu'il porte depuis quelques années à l'aide bilatérale (d'État à État ou non gouvernementale); ces formes d'aide lui paraissent en effet particulièrement efficaces, non seulement parce qu'elles favorisent le développement et servent ses intérêts nationaux, mais aussi parce qu'elles suscitent des appuis populaires en faveur du programme d'aide.

48. On trouvera au tableau VI-1 un état des décaissements effectués au titre de l'aide multilatérale en 1981 et 1982, par catégorie de bénéficiaires. Ceux-ci ont représenté respectivement 37,2 p. 100 et 30,9 p. 100 de l'APD totale accordée ces deux années-là.

a) Institutions financières multilatérales

49. Le Canada est l'un des principaux bailleurs de fonds des institutions financières internationales (les IFI), ainsi qu'en témoigne la part des contributions à ce titre dans l'APD canadienne: au cours des prochaines années, elle devrait en effet se maintenir dans une fourchette de 18 à 20 p. 100.

1. Voir la section II III) ci-dessus.

39. Cette politique représente un compromis entre deux argumentations, l'une voulant que toute forme de lien risqué d'alourdir le coût du projet financé, voire de forcer le pays bénéficiaire à modifier ses priorités pour respecter ses engagements d'achat envers le Canada, l'autre soutenant qu'il faut assurer les fournisseurs canadiens d'une proportion substantielle des retombées de l'aide bilatérale pour garder l'appui de l'opinion publique canadienne, étant donné le niveau déjà élevé de l'APD (entièrement délié) multilatérale.

40. Le souci de parvenir à un équilibre réaliste entre ces deux positions se traduit dans la planification des projets et programmes par une tendance à privilégier les domaines où les fournisseurs canadiens sont particulièrement bien placés et par l'emploi de procédures d'appel d'offres qui assurent une concurrence sérieuse, de façon à minimiser le coût intrinsèque des engagements d'achat liés à l'aide accordée.

41. Les règlements régissant l'acquisition de biens et de services dans le cadre du programme d'aide prévoient que la gestion des achats peut être assurée soit par le gouvernement du Canada (ou son agent), soit par celui du pays bénéficiaire (ou son agent), sous la supervision générale du gouvernement canadien. Dans le cas des prêts, la décision revient dans la très grande majorité des cas au pays bénéficiaire; dans le cas des subventions, elle est en général prise par le gouvernement canadien.

42. Si le contrat porte sur des marchandises et que le gouvernement canadien choisit les fournisseurs, il procède presque toujours par publication d'un appel d'offres dans un journal ou plus ou par sélection dans une liste des fournisseurs potentiels, et exige que la fabrication soit aux deux tiers canadienne. D'autres critères régissent les prestations de services professionnels. Quant le pays bénéficiaire se charge du choix des fournisseurs, il est en général tenu de procéder aux appels d'offre à partir d'une liste représentative de producteurs, conformément aux pratiques commerciales généralement reconnues.

b) Financement parallèle

43. Le Canada a fait siennes les directives proposées par le Comité d'aide au développement à propos de l'emploi d'APD en parallèle avec les crédits à l'exportation et les autres modes de financement commercial.

44. À l'occasion, l'ACDI finance certains projets en parallèle avec la Société pour l'expansion des exportations aux conditions suivantes: a) la tranche prise en charge par l'ACDI constitue un investissement valide dans l'optique du développement; et b) le projet fait partie des grands objectifs prioritaires de développement du pays bénéficiaire.

1. "DAC Guiding Principles for the Use of Aid in Association with Export Credits and Other Market Funds" (achèvement prévu en 1983).

34. Fait à souligner, quand un pays sollicite un prêt pour redresser une balance des paiements lourdement déficitaire, le Canada exige d'ordinaire qu'il s'entende d'abord avec le Fonds monétaire international (FMI) sur un train de mesures susceptible de stabiliser sa situation économique et de corriger les déséquilibres.

c) Rééchelonnement des dettes

35. Nul ne conteste que la crise financière internationale sape gravement la position des pays en développement, aussi bien ceux qui se sont lourdement endettés que les nations trop pauvres pour avoir accès au moindre crédit. Cela dit, l'APD ne semble pas être l'instrument le mieux adapté pour pallier ce genre de difficultés à court terme. La solution viendra plutôt d'une franche coopération entre les pays créditeurs et débiteurs, les institutions financières internationales et les prêteurs commerciaux, de la mise en place de politiques de relance mondiale et de l'adoption de programmes de redressement appropriés.

36. Les ressources - rares, donc précieuses - de l'aide au développement doivent plutôt être consacrées aux priorités à moyen et long termes. Quelles que soient la rapidité et la robustesse de la reprise, ce n'est pas d'une gestion efficace des phénomènes cycliques que surgira la solution aux problèmes structurels des pays en développement, problèmes particulièrement aigus dans les pays les plus pauvres. En d'autres termes, même si la reprise économique internationale vient à point pour redresser le système financier mondial, l'aide au développement restera l'un des principaux moyens de stimuler le taux de formation de capital fixe dans les pays les plus pauvres, où il est en général plutôt faible.

37. Sans envisager, dans le cadre normal de la coopération au développement, des mesures nouvelles pour alléger l'endettement des pays du tiers monde, le Canada continuera d'accorder l'essentiel de ses prêts de faveur aux pays à faible revenu et de verser la totalité de son aide aux PLMA sous forme de subventions.

V. L'AIDE AU DÉVELOPPEMENT ET L'ÉCONOMIE NATIONALE

a) Politique de l'aide liée et règlements régissant les achats

38. Depuis 1970, année où le Canada a libéralisé le lien obligatoire qui existait auparavant entre l'APD et le recours à des fournisseurs canadiens, la situation à cet égard est demeurée essentiellement la même. La politique actuelle autorise à délier à 100 p. 100 l'aide multilatérale (à l'exception de l'aide alimentaire) et l'aide au titre des frais de transport, et à 20 p. 100 toute l'aide bilatérale. L'autorisation s'appliquant, dans ce cas, à l'ensemble du programme plutôt qu'aux projets pris isolément, il est en fait parfaitement possible de délier à 100 p. 100 certains projets bilatéraux si les circonstances le justifient.

Tableau III-1

Aide hors projet et mécanismes spéciaux de transfert de ressources d'APD (dons non imputables à un secteur donné), 1981 et 1982

(en millions de \$)

Engagements		1981		1982	
		Subventions	Prêts	Subventions	Prêts
Catégorie					
1. Financement des importations courantes:		116,8	108,3	138,0	-
a) Aide alimentaire		84,4	7,5	124,9	-
1) Programme général d'importation		83,4	7,5	124,9	-
11) Aide alimentaire		1,0	-	-	-
d'urgence					
b) Biens et services choisis par le donateur		32,4	100,8	13,1	-
2. Secours d'urgence et humanitaires autres que l'aide alimentaire		15,5	-	25,8	-
3. Dons non directement liés aux importations:		18,0	-	3,7	-
a) Dons à caractère général		18,0	-	3,7	-
b) Dons au titre des budgets administratifs courants		-	-	-	-
4. Rééchelonnement des dettes		-	3,7	-	47,0
5. Prêts au titre de la stabilisation du déficit de la balance des paiements		-	17,2	-	-
6. Autres		97,3	-	-	-
TOTAL		247,6	129,2	167,5	47,0

Source: Questionnaire du CAD (1981 et 1982), tableau 5.

IV. RELATIONS ENTRE LA SITUATION ECONOMIQUE D'UN PAYS EN DEVELOPPEMENT ET L'AIDE ACCORDEE

a) Soutien budgétaire générale

29. Dans notre Mémoire de 1981, nous expliquons de façon assez détaillée le nouveau système de gestion des secteurs de dépenses (SGSD) du gouvernement fédéral, formule de planification budgétaire intégrée qui comporte des mécanismes de réaffectation de ressources permettant d'adapter les structures budgétaires aux changements de priorités. Ses principaux éléments, soit la stratégie globale, le plan financier pluriannuel, le plan opérationnel pluriannuel et le budget des dépenses, sont établis et mis à jour tous les ans.

30. Dès 1984, l'ACDI ajoutera une composante au Budget des dépenses (synthèse des dépenses envisagées par le gouvernement pour l'exercice financier à venir), le "Plan des dépenses de l'Agence", avec le double objectif suivant:

- faire ressortir, devant le Parlement et l'opinion publique, les fonctions des divers éléments du programme d'aide en présentant de façon plus explicite que par le passé les demandes de financement au Parlement;
- accroître le degré d'imputabilité de l'Agence.

31. Par ailleurs, le gouvernement canadien songe à modifier certaines modalités du contrôle budgétaire du programme d'aide et notamment, à réduire le nombre des "affectations" (c'est-à-dire des catégories de dépenses) qui forment le budget global de l'ACDI. Cette consolidation accroîtrait la marge de manœuvre de l'Agence en lui permettant de virer plus souvent des fonds d'une "composante de programme" à l'autre (de la "coopération industrielle" à la "coopération institutionnelle", par exemple) sans changer d'affectation. L'ACDI serait alors mieux en mesure de s'adapter aux circonstances nouvelles.

b) Aide hors projet et mécanismes spéciaux de transfert de ressources d'APD

32. L'expression "aide hors projet" désigne un vaste assortiment d'instruments qui sont utilisés de façon sélective, toujours en réponse à des besoins ponctuels; pour être efficaces, ils doivent se greffer à d'autres formes de transfert de ressources. Parmi les plus couramment employés, citons: les marges de crédit, l'aide alimentaire et les secours humanitaires et d'urgence. Pour un sommaire des activités de 1981 et 1982, se reporter au tableau III-1.
33. Quant aux mécanismes spéciaux de transfert des ressources d'APD, ce sont des mesures extraordinaires comme le rééchelonnement des dettes et les prêts d'urgence accordés pour stabiliser les déficits des balances de paiements, qui ne font pas partie du programme normal d'aide au développement.

24. Enfin signaux que les réunions normales du Comité permanent sur les Affaires extérieures et la Défense nationale donnent régulièrement lieu à des échanges publics sur l'efficacité du programme d'aide et sur diverses autres questions liées à la politique d'aide au développement.

(11) Programmes d'information publique

25. L'ACDI a procédé en 1982 à un examen complet des buts et activités de sa Direction générale des affaires publiques. On souhaitait par ce moyen compléter le programme d'information en cours, qui est fortement centralisé et surtout destiné aux médias et groupes d'intérêt d'envergure nationale, par des campagnes régionales qui établiraient un lien plus direct entre le programme canadien d'aide internationale et les nombreuses personnes et entreprises qui y collaborent et en assurent l'efficacité.

26. Dans cette optique nouvelle, la planification et la réalisation des programmes d'information sur l'aide au développement seront désormais axées sur la notion du "voisin" coopérant ou consultant technique au Bangladesh, par exemple, ou encore, sur "l'entreprise de chez nous" qui exporte du matériel à la Tanzanie. Cette personnalisation de l'information vise à concrétiser les concepts théoriques de l'intérêt mutuel et de l'interdépendance globale.

(11) Programme de participation du public

27. Comme nous l'avons expliqué l'an dernier, ce programme a pour but d'appuyer les efforts des organisations non gouvernementales, des institutions et des groupements communautaires du Canada qui tentent d'inciter les Canadiens à s'engager en faveur du développement international. Plus précisément, il vise :

- à sensibiliser le peuple canadien aux problèmes du développement;
- à éveiller l'intérêt et à susciter la participation du plus grand nombre;
- à accroître l'apport du secteur privé à l'aide au développement.

28. Bien qu'assez modestement doté, ce programme semble avoir touché un grand nombre de Canadiens de toutes les couches de la société et de toutes les régions. De 35 la première année (1971-1972), le nombre des projets réalisés dans ce cadre est passé à près de 600 en 1982-1983; dans le même intervalle, le financement de l'ACDI à ce titre a crû de \$0,6 millions à \$5,3 millions.

globale, de graves difficultés économiques intérieures et de mise au régime des pouvoirs publics, il est quasi inévitable de s'interroger sur le programme d'aide extérieure de son pays. Ainsi, on peut à bon droit se demander si l'effort consenti produit des résultats vraiment bénéfiques et si les mesures prises vont bien dans le sens des priorités nationales, ou encore si le Canada suit, dans le choix des pays auxquels il accorde son aide, ses intérêts nationaux et internationaux.

19. Il n'existe pas de réponses simples à ces questions. Pourtant, il faut qu'elles soient posées, encore et toujours, car c'est ce genre d'interrogation qui, en fin de compte, garantit la coïncidence de notre programme d'aide avec nos objectifs nationaux et internationaux. Sans le soutien de l'opinion publique, il ne peut exister de solution pratique et crédible aux problèmes précités.

20. Les initiatives annoncées dans le Mémoire de 1981 ont déjà commencé à dissiper un certain nombre de préjugés à propos des programmes d'aide, notamment sur l'importance, la croissance et les objectifs des transferts de ressources, ainsi que sur les avantages mutuels qui en découlent. En informant le public, elles ont aussi permis de relever le niveau du débat sur la coopération internationale au développement.

21. Nous avions fait état l'an dernier d'un sondage qui révélait une certaine sensibilisation de l'opinion publique au programme d'aide et au rôle de l'ACDI elle-même, par rapport à une enquête plus restreinte faite en 1980. Un deuxième train d'enquêtes a été lancé en 1982. L'analyse des grandes tendances qui en émergent figurera dans notre Mémoire de 1983.

b) Mesures de sensibilisation

1) Comités parlementaires

22. Les députés canadiens continuent de faire leur large part pour susciter un consensus public en faveur du programme d'aide au développement. Ainsi, le sous-comité sur l'Amérique latine et les Antilles a effectué plusieurs longues tournées dans la région, y tenant plusieurs réunions pour entendre les témoignages d'un très grand nombre de personnes de tous les horizons. Déposé en novembre 1982, son rapport final proposait diverses mesures d'aide dont un soutien ferme aux institutions publiques - régionales ou internationales - et aux organisations non gouvernementales qui obtiennent parfois de remarquables résultats dans leur lutte contre la pauvreté endémique qui sévit dans la plupart des pays de cette région; il suggérait également de lier directement l'aide au développement et le respect des droits de la personne.

23. Par ailleurs, les députés participent régulièrement à des missions ministérielles dans les pays en développement et font partie des délégations envoyées par le Canada aux sessions de l'Assemblée générale des Nations Unies et des autres organismes internationaux d'aide au développement.

15. De 26,4 p. 100 en 1981, la part des prêts dans les engagements totaux d'APD est tombée à 11,3 p. 100 en 1982. L'élément de libéralité¹ de ces prêts, qui avait atteint 89,3 p. 100 en 1981, a régressé à 89,2 p. 100 en 1982. La part des subventions (élément de libéralité: 100 p. 100) dans les engagements d'APD étant par contre passée de 73,6 p. 100 en 1981 à 88,7 p. 100 en 1982; l'élément de libéralité global de l'APD canadienne a crû de 97,4 p. 100 à 98,8 p. 100.

d) Retombées de la Conférence de 1981 des Nations Unies sur les pays les moins avancés (PLMA)

16. Nous avons déjà mentionné dans notre Mémoire de 1981 que le Canada s'était engagé, d'abord à cette conférence, puis lors de la 37^e assemblée générale des Nations Unies, à verser, dans un avenir proche, 0,15 p. 100 de son PNB en APD aux PLMA. Le gouvernement canadien entend respecter cette promesse.

17. Pour 1982, premier exercice complet après la conférence des Nations Unies, l'aide canadienne aux PLMA aurait été de 0,14 p. 100 du PNB (en hausse par rapport à 0,11 p. 100 en 1981) si la loi autorisant nos versements aux institutions financières internationales (IFI) avait été adoptée pendant l'année civile. Cette affaire étant maintenant réglée, les progrès devraient être plus réguliers dans les années qui viennent.

III. OPINION ET INFORMATION PUBLIQUES

a) L'option publique et la coopération au développement

18. La philosophie canadienne de l'aide au développement se fonde sur un mélange de considérations humanitaires, économiques et politiques. La récente récession mondiale n'a fait qu'intensifier ces préoccupations, car de toute évidence, elle a tiré plus durement les pays à revenu faible, élargissant le fossé entre les riches et les pauvres de la planète et enfouissant plus profondément encore certains peuples dans la pauvreté absolue. Mais il faut comprendre qu'en période de récession

1. L'élément de libéralité² est une mesure du degré de faveur rattaché à un prêt. Il correspond à la différence entre le montant nominal du prêt et la valeur actualisée (d'ordinaire au taux de 10 p. 100) des remboursements effectués pendant la durée de la convention, exprimée en pourcentage de la valeur nominale. Par exemple, l'élément de libéralité d'un prêt à 10 p. 100 est nul, tandis qu'il est de 100 p. 100 dans le cas d'un don et qu'il se situe entre ces deux extrêmes pour les prêts de faveur. Pour les prêts de faveur du Canada (0-10-50), l'élément de libéralité atteint 90,3 p. 100; il est de 55,2 p. 100 pour les prêts "3-7-30" et de 33,1 p. 100 pour les crédits "5-5-20". Signalement que les transferts dont l'élément de libéralité est inférieur à 25 p. 100 ne sont pas assimilés à une "aide publique au développement".

devraient continuer de s'accroître en termes réels, étant donné que le Canada s'est engagé à porter à 0,5 p. 100 la part de son PNB qu'il consacre à l'APD d'ici 1985. Le gouvernement a toujours la ferme intention d'atteindre 0,7 p. 100 du PNB avant la fin de la décennie (voir notre Mémoire de 1981).

b) Répartition de l'APD entre ses principales composantes

10. Dans notre Mémoire de 1981, nous mentionnions que certaines composantes du programme d'aide s'étaient gonflées de façon disproportionnée vers le milieu des années 1970. De ce fait, les restrictions budgétaires instaurées à la fin de cette décennie ont eu des effets inégaux, les canaux d'acheminement des différents programmes étant régis par des paramètres spécifiques. Les mesures annoncées l'an dernier visaient en partie à rétablir l'équilibre entre les principales composantes du programme d'aide. Mais surtout, elles montrent l'intérêt croissant que porte le Canada à certaines formules qui non seulement servent à la fois ses objectifs nationaux et ceux du développement, mais valent également au programme d'aide le soutien fidèle de l'opinion publique. Les politiques générales du gouvernement dérivent de ce constat.

11. Les parts relatives des principaux programmes d'aide dans le budget total de l'APD des deux dernières années sont données au tableau II-1.

c) Modalités et conditions de l'APD

12. Dans sa politique d'aide au développement, le Canada continue de favoriser les pays les plus pauvres du tiers monde (voir section VIII) en leur accordant essentiellement des subventions ou des prêts "de faveur", c'est-à-dire prêts assortis de conditions très favorables (0-10-50 c'est-à-dire prêts sans intérêt, avec moratoire de 10 ans sur le remboursement et échéance de 50 ans). Des prêts à d'autres conditions sont aussi offerts, selon la situation économique du pays bénéficiaire et l'usage qu'il projette de faire des fonds sollicités.

13. En 1982, le Canada a conclu 19 conventions de prêts avec des pays en voie de développement, pour un engagement total de \$197,9 millions.

14. De ce nombre, 17 étaient assortis de conditions souples (0-10-50) et deux (à la Barbade et à la Jamaïque), d'exigences "plus rigoureuses" (3-7-30).

Tableau II-2

Part du budget fédéral consacrée à l'APD,
de 1980-1981 à 1982-1983

Enveloppe budgétaire	1980 - 1981	1981 - 1982	1982 - 1983
	\$ M	\$ M	\$ M
	%	%	%
Affaires sociales	24 633	27 579	32 514
	42,04	40,02	40,07
Dettes publiques	10 687	15 168	17 265
	18,24	22,01	21,27
Expansion économique	5 183	6 899	8 980
	8,85	10,01	11,07
Défense	5 058	6 031	6 944
	8,63	8,75	8,56
Energie	3 624	1 608	3 676
	6,19	2,33	4,53
Affaires extérieures	1 421	1 702	2 189
	2,43	2,47	2,70
dont: Aide aux pays en voie de développement	1 231	1 465	1 724
	2,10	2,13	2,12
Autres enveloppes	7 983	9 926	9 582
	13,62	14,41	11,80
Total des dépenses budgétaires fédérales	58 589	68 913	81 150
	100,0	100,0	100,0

Source: Budget des dépenses du Canada, 1983-1984, Partie I: Plan de dépenses du gouvernement.

(11) Part du budget fédéral consacrée à l'APD

5. Depuis quelques années, la part de l'aide au développement dans le budget fédéral total fluctue relativement peu. Pour l'exercice 1982-1983, elle représente 2,12 p. 100 d'un budget total de \$81,15 milliards, soit \$1 724 millions.

6. Dans notre Mémoire de 1981, nous faisons mention du nouveau système de gestion des secteurs de dépenses (SGSD) du gouvernement fédéral qui, entre autres fonctions, fixe des plafonds de dépenses - appelés "enveloppes de ressources" - aux principaux postes budgétaires et répartit ces sommes entre les ministères et organismes concernés. L'importance relative de ces enveloppes dans le budget fédéral et la part de l'aide au développement dans celle qui l'englobe sont données au tableau II-2, pour les trois derniers exercices complets.

(111) Distribution de l'APD

7. Les décaissements au titre de l'aide bilatérale se sont chiffrés à \$1 019,8 millions en 1982 (69,1 p. 100 de l'APD totale), contre \$894,5 millions (62,8 p. 100) en 1981. L'aide multilatérale, par contre, a diminué: de \$530 millions, elle est tombée à \$456,5 millions. Il ne faut pas voir là une réorientation de la politique du gouvernement canadien à l'égard des institutions d'aide multilatérale, mais plutôt un problème technique: la législation autorisant les contributions aux institutions financières internationales (IFI) n'ayant pas été adoptée par le Parlement avant la fin de l'année civile 1982, il n'était pas possible d'inclure les montants en cause dans les décaissements multilatéraux de cette année-là. Ce contretemps aura également des conséquences sur les chiffres du Mémoire de 1983.

8. Quant aux engagements, ils ont quelque peu augmenté en 1982 pour atteindre \$1 744,3 millions, la baisse des obligations bilatérales ayant été palliée par le relèvement des apports multilatéraux.

(IV) Perspectives en matière d'APD

9. Selon les estimations actuelles, l'aide aux pays en voie de développement sera de l'ordre de \$1 812 millions pour l'exercice 1983-1984 (en 1982-1983, les décaissements constatés se sont élevés à \$1 724 millions). Les ressources financières affectées à ce programme

1. En matière d'aide bilatérale, ne sont comptabilisés ici que les engagements pris pendant l'année en cause et toujours valables à la fin de cette année, quel que soit le mode de versement (décaissement unique ou étalement sur plusieurs années consécutives). Dans les engagements au titre de l'aide multilatérale, par contre, figurent des sommes qui, sans avoir été officiellement engagées, devaient être acquittées avant la fin de l'année suivant l'année de déclaration, sans égard à la période où la promesse avait été faite initialement.

Tableau II-1

Aide publique au développement, 1981 et 1982

Programme	Décaissements (nets)		Engagements	
	1981	1982	1981	1982

AIDE PUBLIQUE AU DÉVELOPPEMENT

BILATÉRALE	894,5	1019,8	1211,8	995,5
Subventions	588,6	747,1	741,5	797,6

Projets et programmes	225,3	288,5	524,3	502,1
Assistance technique	146,1	170,8	n.d.	n.d.
Aide alimentaire	84,4	124,9	84,4	124,9
Organisations non gouvernementales	13,0	14,8	13,0	14,8
Internationales (ONGI)	15,5	25,8	15,5	25,8
Secours d'urgence (autres qu'alimentaires)	45,6	52,1	45,6	59,8
Centre de recherches pour le développement international (CRDI)	58,7	70,2	58,7	70,2
Frais d'administration	305,9	272,7	470,3	197,9

Prêts	7,5	6,6	7,5	6,6
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MULTILATÉRALE

Subventions	220,8	272,7	229,4	290,4
dont: aide alimentaire	103,2	133,2	103,2	133,2

Prêts	-0,02	-0,02	-	-
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Subscriptions et contributions (avances) de capital	309,2	183,8	343,4	458,4
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Rapport APD/PNB²

0,42 0,41

Source: Questionnaire du CAD (1981 et 1982), tableau 1.
1. Tous les chiffres fournis dans les tableaux et le texte sont en dollars canadiens, sauf indication contraire. Pour la conversion de ceux qui sont exprimés en monnaie américaine, nous avons appliqué les taux de change recommandés par le secrétariat du CAD: pour 1981, 1 \$ EU = 1,1989 \$ CAN; pour 1982, 1 \$ EU = 1,2337 \$ CAN.
2. Après révision, le PNB est estimé à \$339,1 milliards pour 1981 et à \$356,6 milliards pour 1982.
n.d.: Chiffres non disponibles

1. Les années 1980 ne seront faciles pour personne, pays donateurs comme pays bénéficiaires, mais le jeu inimmensément complexe des forces économiques mondiales défavorise incontestablement le tiers monde. L'aide au développement pourrait, au moins dans une certaine mesure, rééquilibrer la situation; force est toutefois de constater qu'elle stagne depuis quelques années.

2. Régissant à ce malaise économique chronique, le Canada s'efforce aujourd'hui de trouver un équilibre entre deux obligations fondamentales: la lutte contre l'inflation et le chômage sur le plan intérieur, et ses engagements officiels en matière de coopération au développement. Depuis le dépôt du budget de juin 1982, le gouvernement fédéral s'applique d'une part à comprimer ses dépenses et d'autre part à les réaffecter de façon à consacrer plus de moyens à la création d'emplois au Canada. Cette réorientation budgétaire a eu des répercussions sur tous ses grands programmes, mais précisons tout de suite que les grandes lignes de la politique gouvernementale d'aide au développement - en particulier le rapport-cible Aide publique au développement/Produit national brut (APD/PNB) de 0,5 p. 100 en 1985-1986 - restent inchangées.

3. En fait, le Canada reste fidèle à ses traditionnels objectifs quantitatifs et qualitatifs d'aide au développement, mais il y ajoute désormais une préoccupation d'efficacité qui ne peut qu'en accroître la valeur intrinsèque. Ardent partisan d'une coordination plus étroite de l'APD à l'échelle internationale, il souhaite en outre vivement qu'on en exploite toutes les ressources pour instituer de nouvelles formes de coopération économique et qu'on amorce un véritable "dialogue politique" sur ses avantages potentiels. Comme on pourra le constater à la lecture de ce mémoire, les activités en cours et les initiatives prises en 1982 s'inscrivent dans ce cadre général.

II. IMPORTANCE, RÉPARTITION ET CONDITIONS DE L'AIDE PUBLIQUE AU DÉVELOPPEMENT (APD)

a) Ressources affectées à l'APD

1) Évolution des décaissements et engagements au titre de l'APD

4. Les décaissements nets au titre de l'aide publique au développement ont totalisé \$1 476 millions en 1982 contre \$1 425 millions l'année précédente. Si l'on se fonde sur les estimations révisées du PNB, on constate une légère régression du rapport APD/PNB d'une année sur l'autre: de 0,42 p. 100 après révision (0,43 p. 100 dans le Mémoire de 1981), il tombe en effet à 0,41 p. 100 (tableau II-1). Cela dit, une tranche de l'APD "officielle" de 1982 n'est pas comptabilisée dans les décaissements effectifs de cette année-là. Le fléchissement du rapport APD/PNB est la résultante de cette omission et du relèvement des estimations du PNB (voir les paragraphes 7 et 17).

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MÉMOIRE DU CANADA
AU COMITÉ D'AIDE AU DÉVELOPPEMENT
DE L'ORGANISATION DE COOPÉRATION
ET DE DÉVELOPPEMENT ÉCONOMIQUES

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au Comité d'aide au développement
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Canadian International
Development Agency

Agence canadienne de
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Annual Aid Review 1983

Memorandum of Canada to the
Development Assistance Committee
of the Organisation for Economic
Co-operation and Development

Canada



ANNUAL AID REVIEW 1983

MEMORANDUM OF CANADA TO THE
DEVELOPMENT ASSISTANCE COMMITTEE
OF THE ORGANIZATION FOR ECONOMIC
COOPERATION AND DEVELOPMENT

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1 INTRODUCTION

1 Although some signs of recovery have emerged over the past year in several countries and regions, the international economic and political climate remains uncertain and only slow and uneven progress can be anticipated in the foreseeable future. The prolonged recession has put severe strains on the economies of developed and developing countries alike. In the Third World, chronic structural and developmental problems have been exacerbated and many countries have been crippled in their efforts towards economic and social development.

2 Current preoccupations and reports of crises and even impending disaster, however, should not obscure the significant progress which has been made in the Third World over time. Indeed, Canada remains firmly convinced that the efforts at development, which it has supported together with other donors through aid programmes, have achieved and continue to achieve remarkable results. While progress has been less rapid than hoped for or more unevenly distributed than desired, and although much further effort is needed, the importance of the achievement cannot be ignored.

3 For these reasons, Canada continues to actively support all attempts to bridge the gap between industrialized and developing countries. The global recession, in fact, has underscored rather than undermined the traditional humanitarian, economic, and political motivations which have shaped Canada's approach to development assistance. The objective of the Canadian aid programme is to contribute to the efforts toward economic growth and equitable distribution in the Third World and it has become increasingly clear that, rather than being peripheral to our interests, the degree of stability and economic activity in the Third World has a great bearing on our own well-being and that of our partners in the industrialized world. For Canada, recent trends highlight the need for policies and programmes which foster the conditions for a stable and viable world order as well as the urgency to explore new ways and means to deliver an effective and high quality development assistance programme.

4 In the December 1983 Speech from the Throne, opening the 33rd session of Parliament, the Government pledged that Canada would achieve the 0.7% of Gross National Product (GNP) to Official Development Assistance (ODA) target by 1990-91 rather than making "best efforts" as had previously been the position. In this context and in order to improve efficiency and effectiveness within existing staffing constraints, CIDA will be undertaking a broad review of alternatives and of changes that may be necessary, both internally and externally. The review will deal with fundamental issues such as policy framework, programme shares, programme management, delivery mechanisms and the use of the private sector, regulatory environment, and administrative resources. The recommendations that will follow are likely to generate important changes in policy, programming, administration and delivery.

II ODA VOLUME

a) Current Prospects

- 5 While the Government has strengthened its commitment to move to 0.7% of GNP in ODA by 1990-91, gradual increases in the ODA/GNP ratio to reach 0.7% had already been planned, and the level of 0.5% is expected to be reached in 1985-86.

b) ODA Disbursements and Commitments

- 6 Net ODA disbursements in 1983 were U.S. \$1,429.43 million (Cdn \$1,763.48 million) or 0.45% of GNP (Table II-1). This compares to net disbursements in 1982 of U.S. \$1,196.67 million (Cdn \$1,474.78 million) or 0.41% of GNP. The ODA/GNP ratio for 1982 excludes a portion of nominal ODA for that year, as explained in last year's Memorandum. Legislation authorizing contributions to international financial institutions did not receive parliamentary approval in 1982, and the amounts involved could therefore not be reported. This also accounts for the lower shares (30.9%) of multilateral disbursements in 1982 when compared to 1983 (40.6%), as shown in Table II-2.

c) Aid Appropriations

- 7 Development assistance continued to represent a relatively stable share of total Federal Government expenditures (Table II-3). In 1983-84, the aid programme accounted for 2.00% (Cdn \$1,812 million) in a total federal budget of Cdn \$90.65 billion.

d) ODA Pipeline

- 8 The amount of aid committed in 1983 was U.S. \$1,739.69 million (Cdn \$2,146.25 million); and the amount disbursed was U.S. \$1,429.43 million (Cdn \$1,763.48 million) or 82.6% of commitments. This is roughly equal to the ratio of disbursements to commitments of 84.6% in 1982. CIDA continued to work on improvements to operations in order to ensure the delivery of an increasingly efficient and effective aid programme in the face of ODA volume increases and limited administrative resources.
- 9 In 1983, the Secretary of State for External Affairs was given the authority to transfer up to 5% of ODA from one programme to another during the fiscal year without the necessity of seeking Cabinet approval. This authority will allow the aid programme to respond quickly to changes in the level of GNP and maintain the flow from commitments to disbursements.

TABLE II-1
Official Development Assistance, 1982 and 1983

(\$ Million)^{1/}

<u>Programme</u>	<u>Disbursements (net)</u>		<u>Commitments</u>	
	<u>1982</u>	<u>1983</u>	<u>1982</u>	<u>1983</u>
OFFICIAL DEVELOPMENT ASSISTANCE	1,196.67	1,429.43	1,413.91	1,739.69
BILATERAL	826.65	849.00	806.97	1,139.45
Grants	605.57	704.70	646.54	1,007.16
Project and Programme Aid of which: Petro-Canada International Assistance Corporation (PCIAC)	233.74	296.80	406.93	556.13
Technical Assistance	(138.45)	(117.67)	..	(162.73)
Food Aid	101.25	124.30	101.25	124.30
International Non-Governmental Organizations (INGOs)	12.02	11.09	12.02	11.09
Emergency Relief (other than food)	20.93	23.22	20.93	23.22
International Development Research Centre (IDRC)	42.25	51.66	48.48	49.73
Administrative Costs	56.93	79.96	56.93	79.96
Loans	221.08	144.30	160.43	132.29
of which: Food Aid	5.35	-	-	3.25
MULTILATERAL	370.02	580.43	606.94	600.24
Grants	221.06	223.64	235.37	246.99
of which: Food Aid	107.93	88.68	107.93	88.68
Loans	-0.02	-0.03	-	-
Capital Subscriptions and Contributions (Advances)	148.98	356.82	371.57	353.25
ODA/GNP Ratio ^{2/}	0.41	0.45		

Source: DAC Questionnaire (1982 and 1983), Table 1.

1/ All data in this Memorandum are expressed in U.S. dollars unless otherwise indicated. The DAC conversion rates for 1982 and 1983 respectively are U.S. \$1 = Cdn \$1.2324 and Cdn \$1.2337.

2/ Revised GNP estimates for 1982 and 1983 were \$289.0 billion and \$315.4 billion respectively.

.. Not available

() Estimates

TABLE II-2
Official Development Assistance, 1982 and 1983

(% distribution)

<u>Programme</u>	<u>Disbursements (net)</u>		<u>Commitments</u>	
	<u>1982</u>	<u>1983</u>	<u>1982</u>	<u>1983</u>
OFFICIAL DEVELOPMENT ASSISTANCE	100.0	100.0	100.0	100.0
BILATERAL	69.1	59.4	57.1	65.5
Grants	50.6	49.3	45.7	57.9
Project and Programme Aid	19.5	20.8	28.8	32.0
Technical Assistance	(11.6)	(8.2)	..	(9.4)
Food Aid	8.5	8.7	7.2	7.1
International Non-Governmental Organizations (INGOs)	1.0	0.8	0.8	0.6
Emergency Relief (other than food)	1.7	1.6	1.5	1.3
International Development Research Centre (IDRC)	3.5	3.6	3.4	2.9
Administrative Costs	4.8	5.6	4.0	4.6
Loans	18.5	10.1	11.3	7.6
of which: Food Aid	0.4	-	-	0.2
MULTILATERAL	30.9	40.6	42.9	34.5
Grants	18.5	15.6	16.6	14.2
of which: Food Aid	9.0	6.2	7.6	5.1
Loans	x	x	-	-
Capital Subscriptions and Contributions (Advances)	12.4	25.0	26.3	20.3
ODA/GNP Ratio	0.41	0.45		

Source: DAC Questionnaire (1982 and 1983, Table 1).

.. Not available
() Estimates
x Less than 0.05%

TABLE II-3
Share of ODA in Federal Government Budget,
1981-82 to 1983-84

Expenditure "Envelope"	1981-82		1982-83		1983-84	
	Cdn \$M	%	Cdn \$M	%	Cdn \$M	%
Social Affairs	27,579	40.02	31,993	40.09	38,096	42.03
Public Debt	15,168	22.01	16,971	21.27	18,130	20.00
Economic Development	6,899	10.01	8,546	10.71	10,691	11.79
Defence	6,031	8.75	6,990	8.76	7,899	8.71
Energy	1,608	2.33	3,008	3.77	3,449	3.80
External Affairs	1,702	2.47	2,043	2.56	2,399	2.65
of which: Assistance to Developing Countries	1,465	2.13	1,724	2.16	1,812	2.00
Other "Envelopes"	9,926	14.41	10,246	12.84	9,986	11.02
<u>TOTAL FEDERAL GOVERNMENT BUDGETARY OUTLAYS</u>	<u>68,913</u>	<u>100.00</u>	<u>79,797</u>	<u>100.00</u>	<u>90,650</u>	<u>100.00</u>

Source: Canada, Estimates, 1984-85, Part I: "The Government Expenditure Plan".

III AID QUALITY, COMPOSITION AND FINANCIAL TERMS

a) Aid Quality

10 The objective of the Canadian aid programme is to facilitate the efforts of the peoples of developing countries to achieve self-sustainable economic and social development in accordance with their needs and environment. By cooperating in the development activities undertaken by these countries the aid programme aims to contribute to Canada's political and economic interests abroad in promoting social justice, international stability, and long term economic relationships for the benefit of the global community.

11 Several characteristics of the Canadian aid programme are designed to meet this objective and provide a high quality of aid. These include the variety of channels used to provide assistance, the high grant element in that assistance, and the proportion of aid going to lower-income countries. In 1983, CIDA's programmers were asked to focus on the improvement of aid quality through better management and the application of lessons learned from past experience. A number of reviews and analyses were also initiated: measures to improve the incorporation of the role of women in development were formulated, a seminar was held on debt, a review of counterpart fund policy and practice was begun, relations with the private sector and other federal government agencies were examined and the development of policy positions on the issues of science and technology and the environment was initiated.

b) Aid Composition

12 No new policies related to aid composition were adopted in 1983, although Canada's previous agreement under the Food Aid Convention to provide at least 600,000 metric tonnes of cereal assistance was extended. In the past, the Government has directed CIDA to maintain and, if possible, attempt to increase the share of bilateral assistance, and to increase the share of Special Programmes. The share of International Financial Institutions is to be around 18-20% of ODA and 2% of ODA is to be allocated to the Canadian International Humanitarian Assistance Programme. Petro-Canada International Assistance Corporation's share of ODA is to grow to approximately 4% by 1985-86.

c) ODA Terms and Conditions

13 Assistance continues to be provided as either grants or loans on highly concessional terms (i.e. 0-10-50, no interest, 10-year grace period, and 50 years to maturity). Loans on other terms may be provided depending on the country concerned and the purpose of the assistance.

14 Canada made 16 loan agreements in 1983, a total commitment of U.S. \$132.06 million (Cdn \$163.58 million). All of these loans were extended on 0-10-50 terms. Three loans totalling U.S. \$0.23 million (Cdn \$0.28 million) were rescheduled (two to Senegal and one to Cuba) with average 0-0-7 terms.

- 15 Loans represented 7.6% of total ODA commitments as compared to 11.3% in 1982. The grant element of these loans was 90.2% in 1983, compared to 89.2% in 1982. ODA commitments with a 100% grant element represented 92.4% of the total ODA commitments in 1983, and 88.7% in 1982. The overall grant element of Canada's ODA therefore increased slightly between the two years - from 98.8% in 1982 to 98.9% in 1983.

d) Debt Relief

- 16 The financing and management of the increasing debt burden and the recurring balance of payments crises in Third World countries were the subject of an interdepartmental seminar organized by CIDA in 1983. The aid programme is, however, only a very small part of Canadian participation in international re-financing and adjustment. In fact, Canada considers that ODA is on the whole not the best instrument to deal with short-term liquidity problems. The International Monetary Fund, commercial banks, and to a lesser extent World Bank structural adjustment loans are meeting the most urgent needs for balance of payments support.
- 17 The Government has therefore concluded that emergency balance of payments support financed through ODA should remain small; that debt and liquidity problems should be taken into account in programme design to minimize the recurrent cost burden of projects, or in some cases to expand recurrent cost financing through ODA; and that more liquid transfer mechanisms such as food and commodity aid and lines of credit should be used if the policy environment of the recipient country is conducive to the effective utilization of such assistance.
- 18 In addition, since 1977 when Canada wrote off or converted to grants all existing loans to the least developed countries (LLDCs), all LLDC programmes have been carried out strictly on a grant basis. Although there is no official Canadian policy with regard to grant/loan proportions for low and middle-income countries, loans are reserved primarily for capital projects which are revenue bearing and are extended in general to middle-income countries.

IV PUBLIC OPINION AND INFORMATION WORK

- 19 A national public opinion survey undertaken in 1983 indicated that Canadians are generally supportive of international development assistance. The poll showed a stable level of public support, at about 65% of those questioned. That level has not varied significantly over the past three years, despite changes in Canada's domestic economic circumstances during the same period. However, the Canadian aid agency, CIDA, still appears to remain relatively unknown among Canadians.
- 20 The poll indicated that humanitarian motivation is an important element of public support for foreign aid. At the same time, however, it is clear that interdependence is becoming an increasingly important theme in the discussion of international development; and in view of the beneficial impact of the aid programme on the Canadian economy, pressure from the business community to facilitate its participation in development cooperation has been growing significantly.
- 21 In general, Canadian foreign aid policy makers operate in a climate of public opinion which is quite positive. Thus, in the Speech from the Throne at the beginning of a new session of Parliament in December 1983, the Government of Canada was able to strengthen its commitment to reach an ODA target of 0.5% of GNP by 1985-86 and 0.7% of GNP by the end of the decade. The Government pledged in addition to seek increased involvement of voluntary organizations and the cooperative movement in the delivery of aid and to continue to give particular attention to the growing world food crisis through existing programmes and the new International Centre for Ocean Development. Efforts have also been made to secure the public endorsement of business leaders for Canada's aid programme and the Government is investigating ways and means to support additional involvement of the Canadian business community in international development.
- 22 Canadian Parliamentarians continued to contribute significantly to the formation of public opinion in support of the development assistance programme. The President and senior officials from CIDA appeared several times during the year before Committees of the House of Commons and the Senate to discuss development-assistance related issues and explain the Agency's operations.
- 23 Through its Public Participation Programme (PPP), CIDA supports the development education activities of a wide network of non-governmental organizations. There is strong parliamentary support for increased funding of such activities. During 1983, a three phase evaluation of the Programme was completed and, based on the findings of this study, CIDA has begun the preparation of a strategy for future activities. In light of the positive impact of this educational programme on public support for aid and the continued increase of interest in PPP, this strategy will include several new initiatives with a view to diversifying development education in Canada and reaching new target groups.
- 24 Since her appointment in mid-1983, the new President of CIDA, Margaret Catley-Carlson, has given high priority to public awareness of development issues and Canada's aid programme. The essence of the Agency's public message has been that development works; that it brings economic and other

benefits not only to Third World countries but also to Canada; that interdependence is a fact and an opportunity; and that aid is only one among many factors which influence the well-being of Third World populations.

- 25 Coverage of development by the Canadian mass media has become more extensive, although there is still a tendency to focus on the negative rather than the positive. The most extensive Third World coverage in the Canadian media is devoted, not to foreign aid as such, but to issues such as the mounting debt of developing countries, and the suffering caused by food shortages in Africa.

V MULTILATERAL CONTRIBUTIONS

a) Current Policies

26 Canada has traditionally contributed a significant proportion of its ODA through multilateral channels, both in absolute terms and in comparison with other donors. The Government's general approach in this regard reflects, on the one hand, the need for an appropriate balance between the various components of the ODA programme and, on the other hand, the increased emphasis in recent years on bilateral assistance, both through government-to-government and non-governmental channels.

27 Disbursements of multilateral assistance for 1982 and 1983, by recipient category, are shown in Table V-1. They represented 30.9% and 40.6% respectively of total ODA in the two years (see Table II-2).

b) International Financial Institutions (IFIs)

28 IFI shares in Canada's total ODA are projected to be in the range of 18-20% over the next few years. The general position with respect to the IFIs reflects Canada's continued overall support for multilateral institutions, as well as the evolving mix of our programme delivery channels combined with a variety of historical and political factors. This support also stems from the demonstrated developmental impact of these institutions. Canada's recent decision to join the African Development Bank, for instance, is consistent with established IFI policy and, coupled with Canada's important participation in the African Development Fund, serves to underscore the priority accorded to the African continent, especially sub-Saharan Africa.

c) United Nations Agencies and other Multilateral Technical Cooperation Programmes

29 Through CIDA, Canada funds some 35 programmes within the UN network of Institutions, the Commonwealth, "la francophonie", and the system of international agricultural research centres. Canada's traditional support for many of these development programmes is based on a recognition of the needs of developing countries and their right to participate in decision-making on questions related to their development. It also recognizes the usefulness of impartial third party delivery mechanisms which have the capacity to bring to bear the necessary resources towards the resolution of major development problems, thus complementing the more capital-oriented activities associated with bilateral programmes and IFIs.

30 By providing core funding for certain UN and other multilateral development programmes through CIDA's Multilateral Technical Cooperation programme, Canada seeks to:

- contribute to the maintenance of a strong network of effective multilateral institutions, particularly the central development funds, established to provide grant-financed technical cooperation to developing countries for the purpose of human resource development among a broad constituency of recipients;

- provide the policy and financial input required to tackle crucial development issues which are either sectoral-specific such as agricultural research, health research and population, or broad policy concerns which are more appropriately dealt with on a global basis;
- support specific short term initiatives through multilateral channels in areas which correspond to Canadian development objectives;
- promote the efficiency and effectiveness of those multilateral development assistance institutions selected for funding by CIDA, and to ensure that their mandates remain valid in the context of changing global conditions.

31 Funding provided by Canada to the UN agencies and other multilateral programmes is indicated in Table V-1. Table V-2 specifies Canadian support to the various programmes under the Consultative Group on International Agricultural Research (CGIAR).

d) International Humanitarian Assistance

32 Under this programme, Canada continues to provide support for humanitarian relief through international institutions and Canadian and international non-governmental organizations involved in such work. It is done, in part, through funding of international humanitarian organizations (e.g. the International Committee of the Red Cross (ICRC), the United Nations High Commissioner for Refugees (UNHCR), and the United Nations Relief and Works Agency for Palestinian Refugees (UNRWA)) and, in part, through the emergency and refugee relief capabilities in specific countries of such international organizations as the United Nations Children's Fund (UNICEF) and of Canadian and international non-governmental organizations.

33 A new policy on international humanitarian assistance was completed during the course of 1983 which sets out the guiding principles for action in cases of natural or man-made disasters. This policy focuses on the effectiveness, complementarity and coordination of the different mechanisms at the disposal of the Canadian Government in matters of humanitarian aid.

34 In 1983, disbursements for emergency and disaster relief activities (bilateral and multilateral) totalled U.S. \$31 million (Cdn \$38 million), of which U.S. \$8 million (Cdn \$9.8 million) went to the funding of multilateral institutions dealing with international humanitarian assistance.

e) Co-financing with Multilateral Development Agencies

35 Canada has consistently lent active support to efforts by the World Bank and the regional development banks to promote and expand their co-financing operations with official and commercial sources toward mobilizing additional financial resources for high quality developmental undertakings.

36

Extensive co-financing with multilateral agencies through both joint and parallel financing has been undertaken by CIDA. Generally, to maintain procedural consistency and in order to observe statutory restrictions on procurement, Canada prefers to undertake "parallel" financing where a discrete service, project or component of a project can be identified for financing. However, where an activity is felt to be of sufficient importance to the development programme of a recipient country and where a multilateral agency has a particular capability of delivering the project, Canada is prepared to engage in "joint" financing.

TABLE V-1
Multilateral Assistance Disbursements by Recipients,
1982 and 1983

(\$ Million)		
<u>Category/Recipient Organization</u>	<u>1982</u>	<u>1983</u>
Capital Subscriptions (Investments):	30.66	60.79
Caribbean Development Bank (CDB)	0.89	0.71
International Finance Corporation (IFC)	3.47	-
Asian Development Bank (AsDB)	0.73	5.10
Inter-American Development Bank (IDB)	1.67	15.16
International Bank for Reconstruction and Development (IBRD)	23.50	30.02
African Development Bank (AfDB)	0.40	9.80
Loans and Contributions (Advances):	118.30	296.00
African Development Fund (AfDF)	-	56.64
Asian Development Bank (AsDB)	-	115.45
Caribbean Development Bank (CDB)	2.41	-
Inter-American Development Bank (IDB)	-	24.22
International Development Association (IDA)	115.91	99.72
Central American Bank for Economic Integration (CABEI)	-0.02	-0.03
Grants:		
World Food Programme (WFP)	104.49	87.68
United Nations Development Programme (UNDP)	41.34	49.50
United Nations High Commissioner for Refugees (UNHCR)	3.73	4.06
United Nations Relief and Works Agency for Palestinian Refugees (UNRWA)	6.35	3.62
United Nations International Children's Emergency Fund (UNICEF)	9.73	11.50
United Nations Fund for Population Activities (UNFPA)	7.70	8.32
International Fund for Agricultural Development (IFAD)	11.35	11.36
Consultative Group on International Agricultural Research (CGIAR)	8.27	10.23
Other United Nations Agencies	15.84	14.50
Other Multilateral Organizations	12.26	21.78
Regional Development Banks	-	1.09
<u>TOTAL</u>	<u>370.02</u>	<u>580.43</u>

Source: DAC Questionnaire (1982 and 1983), Table 2A.

TABLE V-2
Distribution of Multilateral Assistance to the
Consultative Group on International Agricultural Research (CGIAR),
1982 and 1983

<u>Programme</u>	(\$ Million)			
	<u>Disbursements</u>		<u>Commitments</u>	
	<u>1982</u>	<u>1983</u>	<u>1982</u>	<u>1983</u>
International Maize and Wheat Improvement Centre (CIMMYT)	1.22	1.32	1.24	1.34
International Rice Research Institute (IRRI)	1.22	2.21	1.24	2.27
International Institute for Tropical Agriculture (IITA)	1.19	1.32	1.24	1.38
International Centre for Tropical Agriculture (CIAT)	1.17	1.32	1.24	1.38
International Crop Research Institute for Semi-Arid Tropics (ICRISAT)	1.17	1.30	1.22	1.38
International Potato Centre (CIP)	0.69	0.85	0.77	0.93
International Laboratory for Research into Animal Diseases (ILRAD)	0.53	0.61	0.61	0.65
International Centre for Agricultural Research in Dry Areas (ICARDA)	0.49	0.63	0.55	0.69
Others	0.59	0.67	0.66	1.37
<u>TOTAL</u>	<u>8.27</u>	<u>10.23</u>	<u>8.77</u>	<u>11.39</u>

Source: DAC Questionnaire (1982 and 1983), Tables 2A and 3A.

VI GEOGRAPHICAL DISTRIBUTION

a) Eligibility

- 37 A review of Canada's eligibility framework was conducted in 1983. The review found that the aid programme was widely dispersed in geographical and numerical terms. The resource implications of maintaining an aid presence in such a large number of countries were considered and adjustments were made in an effort to at least partially address this problem. At the same time, the basic principles and elements underlying the eligibility framework, as adopted in 1981 by the Canadian Government and described in last year's Memorandum, were maintained.
- 38 Changes were made with respect to the eligibility of certain countries as well as the rules governing the different categories of assistance. Country changes were designed to take greater advantage of programming through regional organizations rather than individual countries; to reduce commitments in some countries, either because their per capita income was high or because of difficulties experienced in programming in them; and to upgrade the level of commitment in a number of other countries. A list of countries eligible for Canadian development assistance, by category and by region, can be found on page 17. Table VI-1 indicates the distribution of bilateral assistance by category of country over the past two years. Regional distribution of bilateral ODA is shown in Table VI-2. Countries in Africa received a third of bilateral disbursements.
- 39 The rules governing aid for Category I and III remain the same. Category I or "core" countries are the major recipients of Canadian ODA where a continuing and extensive relationship is sought. Category III covers countries where Canada maintains a modest presence through small, predominantly basic human needs projects funded with Mission Administered Funds, support for projects undertaken by NGOs as well as Industrial (INC) and Institutional (ICDS) cooperation activities, and food aid for humanitarian reasons.
- 40 Conditions for aid to Category II or non-core countries were changed in order to eliminate restrictions on aid instruments. In an attempt to come to grips with the administrative constraints of the programme when the eligibility framework was first set up in 1981, a selective instruments approach was used for non-core countries, i.e. lines of credit, co-financing, technical, industrial and institutional cooperation. This approach was based on the assumption that these instruments were administratively easier to use, and that middle-income countries could readily absorb liquid transfers. In fact, the review found that the administrative ease of a mechanism was as much a function of the characteristics of the recipient country as it was of the instrument itself and that the correlation between absorptive management capability and per capita income level was not consistent across developing countries. Consequently it has been decided that all instruments can now be used as appropriate, including traditional bilateral projects. Thus, while the proportion of aid allocated to Category II countries will not change, more flexibility has been given to programmers to meet Canadian objectives. Interventions are expected

to have a developmental impact, but long-term political and commercial relationships can also be a significant consideration.

b) ODA for Low-Income Developing Countries

41 Canada continues to emphasize poorer countries within its aid programme, with commitments for low-income countries increasing from 59.7% of total bilateral assistance in 1982 to 60% in 1983.

42 In 1981, the Canadian Government undertook to provide 0.15% of GNP as ODA to the least developed countries (LLDCs). For that year the ODA/GNP ratio for aid given to LLDCs stood at 0.11%; during 1982 it rose to 0.12%. Since data with regard to disbursements to LLDCs via multilateral channels are as yet unavailable, it has not been possible to determine this ratio for 1983*. As for bilateral disbursements to LLDCs they represented 28.7% of total bilateral aid in 1983 (i.e. 0.08% of GNP), compared to 28% for 1982 (Table VI-4). Most of this assistance went to LLDCs in Africa followed by those in Asia. All Canadian assistance to LLDCs is provided in the form of grants.

c) ODA for Middle-Income Developing Countries

43 Middle-income countries received about 20% of Canada's bilateral ODA commitments (Table VI-3). These countries are primarily non-core, or Category II countries. The review referred to in section VI a) therefore relates primarily to the middle-income countries and, given its conclusion that there is a need to use a wide range of instruments in these countries in order to achieve Canadian ODA objectives, policy regarding middle-income countries is not rigidly confined to particular aid mechanisms.

* Preliminary estimates indicate an increase in this ratio to 0.14% for 1983.

Countries eligible for
Canadian development assistance
(by category and by region)

CATEGORY I (core countries)	CATEGORY II (non-core countries)	CATEGORY III (visible presence)	
<u>Americas</u>			
Leeward/Windward Islands	Caribbean Regional	Belize	Chile
Jamaica	Brazil	Bolivia	Mexico
Colombia	Costa Rica	British Virgin Islands	Paraguay
Peru	Latin America	Cayman Islands	Uruguay
Guyana	Regional Institutions	Turks and Caicos Islands	Argentina
Haiti	Caricom	Trinidad and Tobago	Suriname
Honduras	Nicaragua		
	Guatemala		
	El Salvador		
	Ecuador		
	Barbados		
	Dominican Republic		
	Panama		
<u>Francophone Africa</u>			
Cameroon	Algeria	Burundi	Guinea-Bissau
Senegal	Tunisia	Benin	Central African Republic
Zaire	Morocco	Congo	Cape Verde
Sahel	Regional Institutions	Sao Tome (Principe)	Equatorial Guinea
- Mali	Gabon	Gambia	Comoros
- Niger	Togo	Mauritania	Madagascar
- Upper Volta		Chad	
- Regional			
Ivory Coast			
Rwanda			
Guinea			
<u>Asia</u>			
Bangladesh	Regional Institutions	South Pacific Islands	- Cook Islands
India	ASEAN Institutions*	Burma	- Fiji
Pakistan	Malaysia	Turkey	- Kiribati
Indonesia	Philippines	Bhutan	- Solomon Islands
Sri Lanka		Papua New Guinea	- Tonga
Thailand		South Korea	- Tuvalu
Nepal		Maldives Islands	- Vanuatu
China		Singapore	- Western Samoa

* Association of Southeast Asian Nations, comprising Indonesia, Malaysia, the Philippines, Singapore and Thailand.

<u>CATEGORY I</u> <u>(core countries)</u>	<u>CATEGORY II</u> <u>(non-core countries)</u>	<u>CATEGORY III</u> <u>(visible presence)</u>
<u>Anglophone Africa</u>		
Kenya	Nigeria	Somalia
Tanzania	Uganda	Djibouti
Zimbabwe	Sudan	Yemen Arab Republic
Ghana	Malawi	Yemen Peoples Democratic Republic
Zambia	Ethiopia	Mozambique
Egypt	Botswana/Lesotho/	South Africa
SADCC*	Swaziland	Lebanon
		Jordan
		Sierra Leone
		Angola
		Regional Institutions
		Namibia
		Seychelles
		Liberia
		Mauritius
<u>CATEGORY IV</u> <u>(Not eligible)</u>	<u>CATEGORY V</u> <u>(Non Recipients)</u>	
	<u>Americas</u>	<u>Asia</u>
Cuba	French Departments and	Abu Dhabi
Laos	Territories	Bahrain
Vietnam	Netherlands Antilles	Iraq
Afghanistan	Falkland Islands	Israel
Iran	Venezuela	Kuwait
Libya	Bermuda	Oman
	<u>Africa</u>	Qatar
	Moyotte	Saudi Arabia
	Reunion	Syria
	St. Helena	United Arab Emirates
	<u>Europe</u>	Brunei
	Cyprus	Hong Kong
	Gibraltar	Macao
	Greece	Taiwan
	Malta	
	Portugal	
	Spain	
	Yugoslavia	

- * Members of SADCC (Southern Africa Development Coordination Conference) are:
Angola, Botswana, Lesotho, Malawi, Mozambique, Swaziland, Tanzania, Zambia,
Zimbabwe.

TABLE VI-1
Distribution of Bilateral Assistance
by Programming Status of Recipient
1982 and 1983

Category	Disbursements (net)				Commitments			
	1982		1983		1982		1983	
	\$M	%	\$M	%	\$M	%	\$M	%
Core Countries	529.42	64.0	489.20	57.6	510.08	63.2	731.37	64.2
Non-Core Countries	83.32	10.1	113.98	13.4	103.69	12.8	133.75	11.7
Other Eligible Countries	54.98	6.7	36.31	4.3	40.91	5.1	61.11	5.4
Sub-Total Allocable by Country	667.72	80.8	639.49	75.3	654.68	81.1	926.23	81.3
Unallocable ^{1/} by Country/Category	13.44	1.6	24.77	2.9	14.48	1.8	46.17	4.1
Other Bilateral: ^{2/}	145.49	17.6	184.74	21.8	137.81	17.1	167.05	14.6
of which:								
Administrative Costs	56.93	6.9	79.96	9.4	56.93	7.1	79.96	7.0
Canadian NGOs	33.24	4.0	49.58	5.8	33.24	4.1	46.65	4.1
Emergency Relief	0.95	0.1	-	-	0.95	0.1	-	-
IDRC	19.95	2.4	25.11	3.0	17.91	2.2	13.51	1.2
Industrial Cooperation	3.30	0.4	1.56	0.2	2.97	0.4	1.56	0.1
International NGOs	12.02	1.5	13.67	1.6	12.02	1.5	11.99	1.1
PCIAC	0.53	0.1	0.73	0.1	-	-	0.73	0.1
<u>TOTAL BILATERAL ASSISTANCE</u>	<u>826.65</u>	<u>100.0</u>	<u>849.00</u>	<u>100.0</u>	<u>806.97</u>	<u>100.0</u>	<u>1,139.45</u>	<u>100.0</u>

Source: DAC Questionnaire (1982 and 1983), Tables 2A and 3A.

- 1/ Includes also contributions to "regional" projects.
- 2/ Data on expenditures allocable by country are so shown in the tables in this Section. Thus, the "Other Bilateral" category consists essentially of those expenditures which cannot be specifically allocated by country. To illustrate: disbursements under the PCIAC programme in 1982 amounted to \$31.4 million, of which \$30.7 million were allocable by country; the balance of \$0.7 million is shown under "Other Bilateral".

TABLE VI-2
Distribution of Bilateral Assistance
by Geographic Region,
1982 and 1983

<u>Geographic Region</u>	<u>Disbursements (net)</u>				<u>Commitments</u>			
	<u>1982</u>		<u>1983</u>		<u>1982</u>		<u>1983</u>	
	<u>\$M</u>	<u>%</u>	<u>\$M</u>	<u>%</u>	<u>\$M</u>	<u>%</u>	<u>\$M</u>	<u>%</u>
Africa	330.66	40.0	282.68	33.3	334.35	41.4	393.88	34.6
Americas	78.81	9.5	111.78	13.2	86.88	10.8	204.70	17.9
Asia	264.40	32.0	268.38	31.6	246.53	30.6	368.04	32.3
Europe	6.22	0.8	0.14	x	0.31	x	0.83	0.1
Oceania	1.07	0.1	2.28	0.3	1.09	0.1	2.18	0.2
Other Bilateral ^{1/}	145.49	17.6	183.74	21.6	137.81	17.1	169.82	14.9
<u>TOTAL BILATERAL ASSISTANCE</u>	<u>826.65</u>	<u>100.0</u>	<u>849.00</u>	<u>100.0</u>	<u>806.97</u>	<u>100.0</u>	<u>1,139.45</u>	<u>100.0</u>

Source: DAC Questionnaire (1982 and 1983), Tables 2A and 3A.

1/ For breakdown, see Table VI-1.

x Less than 0.05%.

TABLE VI-3
Distribution of Bilateral Assistance
by Income Group,
1982 and 1983

Income Group ^{1/}	Disbursements (net)				Commitments			
	1982		1983		1982		1983	
	\$M	%	\$M	%	\$M	%	\$M	%
Low-Income Countries (LICs)	543.09	65.7	488.97	57.6	481.38	59.7	683.80	60.0
Middle-Income Countries (MICs)	109.41	13.2	123.44	14.5	156.13	19.3	227.04	19.9
Newly-Industrialized Countries (NICs)	7.02	0.9	4.92	0.6	6.16	0.8	6.23	0.6
OPEC Countries	4.93	0.6	21.17	2.5	5.90	0.7	7.12	0.6
Unallocable by Income Group and other unspecified ^{2/}	16.71	2.0	26.76	3.2	19.59	2.4	45.21	4.0
Other bilateral ^{3/}	145.49	17.6	183.74	21.6	137.81	17.1	170.05	14.9
<u>TOTAL BILATERAL ASSISTANCE</u>	<u>826.65</u>	<u>100.0</u>	<u>849.00</u>	<u>100.0</u>	<u>806.97</u>	<u>100.0</u>	<u>1,139.45</u>	<u>100.0</u>

Source: DAC Questionnaire (1982 and 1983), Tables 2A and 3A.

- 1/ Based on DAC definitions and 1980 per capita income:
 LICs: Countries with per capita income under U.S. \$600.
 MICs: Countries with per capita income exceeding U.S. \$600.
 NICs: Countries at a relatively advanced level of economic development -
 Argentina, Brazil, Greece, Hong Kong, Korea (Republic of), Mexico,
 Portugal, Singapore, Taiwan and Yugoslavia.
 OPEC Countries: Algeria, Ecuador, Gabon, Iran, Iraq, Kuwait, Libya, Qatar,
 Saudi Arabia and United Arab Emirates. Two other countries - Indonesia and
 Nigeria - are shown in the LIC and MIC groups respectively.
- 2/ Does not include contributions to the Sahel which are included with LICs.
- 3/ For breakdown, see Table VI-1.

TABLE VI-4
Distribution of Bilateral Assistance
to Least Developed Countries (LLDCs),
1982 and 1983

	<u>Disbursements (net)</u>				<u>Commitments</u>			
	<u>1982</u>		<u>1983</u>		<u>1982</u>		<u>1983</u>	
<u>LLDCs in:</u>	<u>\$M</u>	<u>%</u>	<u>\$M</u>	<u>%</u>	<u>\$M</u>	<u>%</u>	<u>\$M</u>	<u>%</u>
Africa	129.77	15.7	137.15	16.2	171.36	21.2	199.18	17.5
Americas	9.20	1.1	11.42	1.3	4.04	0.5	14.02	1.2
Asia	95.29	11.5	94.76	11.2	70.37	8.7	134.81	11.8
Oceania	-	-	0.22	x	-	-	0.15	x
TOTAL BILATERAL ASSISTANCE	<u>826.65</u>	<u>100.0</u>	<u>849.00</u>	<u>100.0</u>	<u>806.97</u>	<u>100.0</u>	<u>1,139.45</u>	<u>100.0</u>
% of Bilateral Assistance		28.3		28.7		30.4		30.5
% LLDCs (Bilateral only) of GNP		0.08		0.08		0.09		0.10

Source: DAC Questionnaire (1982 and 1983), Tables 2A and 3A.

x Less than 0.05%.

VII AID COORDINATION AND COOPERATION WITH OTHER DONORS

- 44 As a traditional advocate of improved aid coordination, Canada has strongly supported the DAC Secretariat's Note on Increasing the Effectiveness of Development Cooperation through Improved Coordination at the Country Level which was prepared in conjunction with the 1983 High Level Meeting and which Canada considers as a landmark in multilateral efforts in this area. In this light, a review was initiated, in consultation with Canadian aid missions, of current coordination mechanisms and the potential for initiatives at the country level.
- 45 The present difficult economic climate underlines the importance of the recipient country's framework for the effective use of the limited resources available. It is recognized that the recipient government should play the lead role in assuring that donor efforts are well coordinated and fit in with the country's development planning framework, and most recipient countries do recognize the need for and benefits of improved aid coordination. For core recipients of Canadian aid, CIDA prepares a five-year planning framework (country programme review) which identifies the programme's financial dimensions, sector concentration, target groups, delivery channels, donor coordination requirements and constraints within the recipient country. This document serves as the basis for the policy dialogue with the recipient government. To date, Canada's approach to policy dialogue has been predominantly sector oriented.
- 46 Nevertheless, in some countries and particularly in Africa, there remains an acute shortage of professional and technical expertise to design appropriate macro-economic and sectoral policies or to follow up on the implementation of programmes. Canada has been placing renewed emphasis on technical assistance, in the short run by providing extended project support wherever feasible and by positively responding to requests for more policy advice and direct management functions. For impact in the longer term, efforts will be made to provide increased opportunities for post-secondary training in Canada for Third World students. Canada has also provided consistent institutional support as well as financial assistance to regional coordinative arrangements such as the Club du Sahel and, in the context of the 1983 eligibility review, the Southern Africa Development Coordination Conference (SADCC) has been accorded core recipient status.

Cooperation with other donors

- 47 CIDA continues to participate substantially in co-financing arrangements with multilateral agencies, IBRD, regional development banks and with other donors. Such arrangements not only permit support for large-scale, high quality development projects which are too complex for single donor funding, but also facilitate coordination among donor activities.
- 48 Particular efforts have been made in recent years to increase co-financing with Arab donor agencies. Currently 35 projects are underway in 35 countries for a total value of over Cdn \$8 billion. Many of these projects involve parallel financing for components of large World Bank projects in the hydro-electric, energy and transportation sectors.

Emergency aid situations

- 49 The frequency and urgency of Third World balance of payments crises remain of direct concern to the Canadian public and private sectors. However, the Government supports the view that the IMF, commercial banks and the World Bank through its structural adjustment loans and its Programme for Special Assistance are the most adequate mechanisms to deal with these situations. ODA, as a high quality and scarce resource, should be directed towards medium and long-term development investment priorities and balance of payment type assistance is more appropriate in the case of countries which have put the necessary policy reforms in place.
- 50 In this context Canada is convinced of the importance of effective coordination between the IMF and the World Bank and is encouraged by the progress made in this direction which will ensure that a medium-term focus on resource flows to developing countries meshes with and underpins longer-term objectives and programmes.

VIII AID MANAGEMENT

a) Aid procedures and practices

- 51 More efficient aid delivery has been an important consideration for a number of years given Government policy on restraint and the fact that staff increases are unlikely to parallel budgetary growth. The principal challenge facing Canada's development assistance programme is increasing aid volume to 0.7% of GNP while also promoting aid effectiveness and quality.
- 52 The creation of the four geographic programme branches has led to a reduction in the layers of management and a speeding up of internal procedures. In addition, during 1983, CIDA has continued efforts towards the implementation of a more streamlined internal project approval process in order to improve programme delivery. New and simplified procedures will take effect early in 1984 on the basis of the principles of significant increased delegations of project approval authority and a management philosophy centered upon the concept of delegation of primary responsibility for quality control of project submissions to line managers to the extent possible. The Agency has also requested greater delegations of contract approval authority which are expected to materialize in the near future. Furthermore, the Project Management by Activity (PMBA) initiative designed to emphasize a project management rather than a project implementation approach, which was undertaken in 1982 by the four bilateral areas, is now moving from a pilot project to broader implementation.

b) Eligibility

- 53 As noted in section VI a), the eligibility framework, which was put into place in 1981 in order to rationalize bilateral assistance by concentrating on a certain number of countries and allow for a more coherent response to the specific needs of recipient countries, was reviewed and adjusted during 1983 after two years of operational experience. In view of the necessity, on the one hand, to maintain stability given the fact that development commitments are long-term undertakings between two parties, and, on the other hand, to strike a correct balance between priorities of the Canadian aid programme and available administrative resources, only marginal adjustments have been made to the existing structure. Changes proposed will allow for more programming through regional organizations, for adjustment of commitments based on programming experience in a number of countries, and for the use of all aid instruments, within the limits of allowed allocations, for programming in Category II countries. In order to ensure, however, that the intent of the aid programme continues to be reflected in the design as well as the implementation of the present eligibility structure, it is expected that subsequent minor adjustments will be needed to one side or another from time to time.

c) Local and recurrent costs

- 54 Canadian policy on ODA tying has not changed since it was liberalized in 1970 and applies only to bilateral assistance, which represents around

36% of total Canadian ODA. The dollar value of untying authority, which is applied on a programme rather than a project by project basis, is 20% of the sum total of the budget of the Bilateral Programme including bilateral food aid. Untying is also permitted for transportation costs, funding of Special Programmes Branch projects and for Multilateral Technical Cooperation.

55 Within this untying authority flexibility exists for the provision of local cost financing if the situation warrants. In general, it is considered that programmes should be designed in such a way as to minimize the recurrent cost burden of projects but increased recurrent cost financing may be envisaged in some of the poorest countries in the context of evidence of efforts to enhance the mobilization of domestic resources. Also, while not normally a prominent aspect of Canadian aid programmes, aid to sustain the operation of existing capacity in recipient countries will be considered in cases where the domestic policies increase the capacity and commitment to mobilize indigenous resources to cover such costs.

56 In some cases Canada has addressed local cost constraints through the establishment of counterpart funds generated through import support programmes. A review of counterpart fund policy and practice was initiated during 1983 and recommendations aiming at the establishment of uniform procedures will be submitted for CIDA management approval early in 1984.

d) Non-project aid

57 For reasons indicated in section III d), Canadian funds provided through the Emergency Balance of Payments (EBOP) facility, which has been in place since 1981, are likely to remain limited and strictly contingent upon the recipient's structural adjustment efforts. However, the economic situation and the debt burden of LDCs have a definite bearing of the content of the Canadian aid programme and, in some instances where balance of payment type of assistance is found to be appropriate and consistent with ongoing activities, programmes are designed in such a manner as to facilitate the provision of commodities and/or food products which are particularly needed, through LOCs or commodity and food aid.

58 As can be seen from the summary provided in Table VIII-1, total commitments for non-project activities, including disaster relief, have increased during the past year, especially those provided in the form of grants. It should be noted, however, that these figures do not include sectoral lines of credit and other more liquid aid instruments.

e) Evaluation activities

59 During 1983, the Agency accelerated sectoral evaluations by initiating a major study of Canada's food aid programme and an assessment of the transportation sector. New initiatives in the area of evaluation of aid effectiveness included an evaluation of CIDA's non-governmental organization programme and a first attempt at the evaluation of non-project aid. The bilateral branches continued to undertake project

and country programme critical evaluations. A comprehensive review of lessons learned from bilateral project evaluations during 1981-83 was undertaken. Special Programmes Branch initiated a major study of the Public Participation Programme. At the multilateral level, the Agency continued to monitor the results of evaluations conducted by the international financial institutions supported by CIDA.

60 The dissemination of evaluation findings with a view to their application has become an increasingly important issue. Therefore CIDA is currently improving the corporate memory and the Evaluation Information System which will greatly facilitate access to evaluation information.

f) Decentralization

61 New approaches to accountability and responsibility will provide some opportunity to decentralize and extensive use is already being made of cooperants, private firms, NGOs and institutions in the implementation of projects. Following the movement of aid positions abroad under the responsibility of the Department of External Affairs, analyses and consultations with Central Agencies have been completed during 1983 which will result in an increase in overseas aid representation during 1984. Greater use of field-based consultants to undertake technical and some administrative tasks, however, will continue to be limited by staffing constraints.

TABLE VIII-1
Non-Project Aid and Special ODA Resource Transfers
(Contributions not allocable by sector),
1982 and 1983

(\$ Million)

<u>Category</u>	<u>Commitments</u>			
	1982		1983	
	<u>Grants</u>	<u>Loans</u>	<u>Grants</u>	<u>Loans</u>
1. To finance current imports:	111.83	24.32	124.31	3.25
(a) Food aid	101.25	-	124.31	3.25
i) General import programme	101.25	-	-	-
ii) Emergency food aid	-	-	-	-
(b) Goods and services specified by donor	10.58	24.32	-	-
2. Emergency and distress relief other than food aid	20.93	-	23.55	-
3. Contributions not directly linked to imports	2.97	-	42.07	-
(a) General purpose contributions	2.97	-	41.38	-
(b) Contributions in support of current administrative budgets	-	-	0.69	-
4. Debt re-organization	-	-	-	-
5. Balance of payments stabilization loans	-	-	-	-
6. Other	-	-	-	-
<u>TOTAL</u>	<u>135.73</u>	<u>24.32</u>	<u>189.93</u>	<u>3.25</u>

Source: DAC Questionnaire (1982 and 1983), Table 5.

IX ASSOCIATED FINANCING

- 62 With regard to associated financing, Canada has agreed to and has conformed with the DAC Guidelines on the use of ODA funds in association with export credits. At present, Canada uses two forms of associated financing: parallel financing and a "credit mixte" programme.
- 63 Parallel financing consists of a de facto association of ODA credits channeled through CIDA with export credit provided through the Export Development Corporation (EDC). No specific programme or specific budget allocation exists at present. Parallel financing is used when EDC (commercial) and CIDA (developmental) objectives coincide in the context of a specific project. Both agencies use their own appropriate criteria to evaluate separate components of the project to be financed; two different agreements are signed with the recipient and both CIDA and EDC administer their respective component of the project according to their own regular procedures. Parallel financing has been used on 17 occasions since 1978. Out of a total amount of Cdn \$1,115 million, EDC has contributed Cdn \$817 million while CIDA has provided Cdn \$298 million in grants or in loans at 0-10-50.
- 64 The credit mixte programme, established in 1981, associates export credits at regular EDC conditions with more concessional credits, i.e. loans with an interest rate not exceeding 3%, for matching purposes. Funds are made available from two different EDC accounts and are reported to DAC as other official flows (OOF) and not as ODA. Cdn \$300 million have been allocated annually to this programme since its inception; only one transaction has been approved (Mexico subway system).

X PROCUREMENT POLICIES AND PRACTICES

- 65 The procurement of goods and services in the context of CIDA projects and programmes may be managed by the Canadian Government or by the recipient country government (under the general supervision of the Canadian Government) or either government's agents. Procurement financed by loans is normally undertaken by the recipient country while procurement financed by contributions is generally handled by the Canadian Government.
- 66 For Canadian Government procurement, tenders for goods contracts are usually invited by advertising or from a list of suppliers. For recipient procurement, tenders are generally called from a list of manufacturers in accordance with recognized commercial practices. In both cases, the selection of the lowest bidder meeting the specifications guarantees value for money. Tied projects must contain a minimum of 66 2/3% Canadian content.
- 67 When the recipient country procures goods, four sub-contracting routes are possible: i) procurement by a recipient country or its para-statal organization, ii) use of a Canadian Government procurement agent by the recipient country, iii) use of a non-Canadian purchasing agent when untied funds are used, or iv) use of a Canadian purchasing agent in the case of tied funds. Waiving of tenders is permitted only if there is sufficient justification and with prior approval from CIDA. For sole source purchasing, suppliers must certify that the prices do not exceed those currently charged to favoured customers and are fair and reasonable.
- 68 For Canadian procurement of consulting services under grant conditions, proposals are normally invited from a limited list of firms registered with CIDA and selected by CIDA or the Minister responsible for CIDA. Selection is based on the outcome of the proposal evaluation although cost is taken into account as a factor. Consulting firms must have a minimum of 51% Canadian ownership to be registered with CIDA.
- 69 For construction/contracting services, tenders may be called by CIDA or a consultant acting on its behalf. Tenders are normally called through public announcement and the lowest bid complying with specifications is normally selected. Construction/contracting firms must be established in Canada and be able to field predominantly Canadian personnel for a CIDA assignment. These contracts are normally assigned to majority Canadian-owned firms, but foreign-owned firms may be used if Canadian firms cannot meet the prequalification requirements.
- 70 Under loan conditions, procurement of consulting services is through the calling of proposals by the recipient from a list of Canadian firms provided by CIDA; final selection takes place following CIDA's ratification of the final choice. Construction/contracting services are normally procured through solicitation of tenders through public advertisement; the lowest tender complying with specifications is normally selected.

XI SECTORAL ORIENTATION OF AID

a) Sectors of Emphasis

i) Aid for Agriculture, Rural Development and Food Security

- 71 In 1983, the principal objectives of Canada's aid policy with respect to agriculture and rural development continued to be to alleviate hunger, malnutrition and poverty, and to contribute to greater food security in developing countries. The production of domestic food crops and the nutrition requirements of target groups therefore remained the focus of CIDA's activities. Rural development strategies continued to be examined and improved in order to better integrate the various factors related to the sector.
- 72 Food aid is increasingly treated as an integral part of overall Canadian assistance. CIDA is strengthening its capacity to identify and analyse the impact of food aid on recipients' development efforts, particularly in the agricultural sector, in order to take this into account in the planning of programme food aid. A number of studies on specific recipient countries have been carried out or initiated during the past year, with particular reference to potential disincentive effects.
- 73 To ensure that food aid contributes to agricultural development and does not act as a disincentive CIDA attempts to (i) limit ongoing programme food aid to countries which accord appropriate priority to agriculture and rural development, (ii) make multi-year commitments of food aid to recipients willing to enter into an agreement to introduce or continue suitable food and agricultural policies and programmes, (iii) utilize counterpart funds for mutually agreed development activities, particularly in the agricultural sector, and (iv) where appropriate, to cooperate with other donors in support of policy reform measures introduced by recipient governments (e.g. Mali). In a few cases (e.g. Mali, Bangladesh) Canada has agreed that a portion of its food aid can be used to build up reserves for operational as well as food security purposes.
- 74 The overall Canadian food aid budget is determined in the light of: (i) developing countries' need and their capacity to use food aid effectively; (ii) Canada's obligation under the Food Aid Convention; (iii) prevailing international grain prices, which determine the cost of providing a particular volume of food; and (iv) the need to provide emergency food aid. During 1983 for example, the Canadian food aid budget has reflected Canada's willingness to respond to the food crisis induced by severe drought conditions in Africa.
- 75 All developing countries eligible for Canadian assistance may receive emergency food aid or food to meet humanitarian needs (e.g. feeding of refugees) as required. Regular programme food aid is provided primarily to "core" recipients, those with which Canada

has an ongoing and significant development assistance relationship. The main considerations in determining the amount of food aid allocated to these recipients are: (i) their need for imported food; (ii) their capacity to import commercially; (iii) their capacity and willingness to utilize food aid in a developmentally effective manner; and (iv) the "match" between food products available in Canada and local taste preferences.

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Canadian food aid directed to specific target groups is provided primarily through the World Food Programme and Canadian NGOs (see Table XI-1). Most Canadian programme food aid is intended to meet part of recipients' structural "food gap" in ways which also support longer-term efforts to move toward greater food security. In the upcoming years this will be the highest priority for the Canadian food aid programme.

ii) Aid for Energy

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Energy continued to be a priority sector in Canada's development assistance programme. A shift in emphasis was begun towards technology transfer in areas such as energy policy and programme formulation, electrical equipment research and systems planning, and multi-purpose river basin planning. At the same time, support continued to projects involving hydro-electric generation and distribution, oil and gas, as well as small-scale energy technologies (mini-hydro, photovoltaic cells, solar energy, biogas). (See Table XI-2.)

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The major disbursements in this sector were in electric power generation and distribution. Projects included i) technology transfer through equipment and materials research, developmental and project planning, project implementation, and small-scale energy technology; ii) technical services in planning, design and implementation; and iii) supply of equipment and materials.

79

Major generation and transmission projects continued in Kenya, India and Pakistan; new projects were started in India, Egypt and the Southern Africa Development Coordination Conference (SADCC) countries. Rural electrification projects are underway in Thailand, Egypt, Cameroon and Ivory Coast. Small-scale new and renewable projects were initiated with several countries in the Caribbean, Africa and Asia. Major technology transfer projects (electrical equipment research and system planning) were initiated with China and a third phase of an energy sector policy and programming project was begun with Nepal. Table XI-3 shows the breakdown of energy disbursements by region.

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In the field of donor coordination, Canada played a leading role in the coordination of the energy sector within the Cooperation for Development in Africa Group. Canada has also been involved in the UNDP/IBRD Energy Sector Assessment and Management Programme and participated in the annual review of energy technical assistance projects conducted by the Asian Development Bank.

International Development Research Centre activities

- 81 IDRC continued to concentrate its programme of support to developing country energy research in the areas of fuelwood and forestry and energy policy studies.
- 82 The 1982 Memorandum reported on the significant IDRC initiative in creating an international advisory group on energy composed of eminent researchers and policy makers from developing countries. The 11 members of this "Energy Research Group" held their first meeting in 1983. A total of 117 studies on various problem and region specific aspects of the energy question were identified. These studies will serve as a basis for the group's further deliberations and setting of priorities in the conduct and utilization of energy-related research. Since mid-1983, this activity has been co-sponsored by IDRC and the United Nations University (UNU).

Petro-Canada International Assistance Corporation (PCIAC) activities

- 83 During 1983, PCIAC continued its activities designed to direct capital, technology and expertise readily available in the Canadian oil and gas industry to oil-importing developing nations. In addition to projects initiated in 1982 and described in last year's Memorandum, PCIAC signed seven new petroleum exploration aid agreements, representing total commitments of Cdn \$50.5 million and bringing the number of aid agreements to 11 by the end of 1983. The new agreements provide for projects in Barbados, Gambia, Ghana, Haiti, the Philippines and Thailand and a regional Caribbean Cooperative venture with IBRD and UNDP. Project activities range from geological and geophysical surveys to exploratory drilling and include technical assistance and training.

iii) Human Resources and Technical Cooperation

- 84 Investment in human resources, which takes education in its broadest sense, continues to be a priority in Canada's development assistance programme. CIDA's objectives are to increase skilled human resources in developing countries, to reach target groups which have been by-passed by economic growth, and to meet basic human needs as a means of improving labour productivity and the well-being of the population as a whole.
- 85 Human resources development is reflected in a great diversity of projects -- not only in attempts to expand Third World education systems, but also in efforts to improve management and other skills. Both in Canada and in developing countries, CIDA supports training programmes in many fields such as health, agriculture, cooperatives, education, and public administration. In the years to come, CIDA intends to increase its technical assistance activities significantly and in particular to offer increased levels of post-secondary training in Canada, in large measure through more extensive use of NGOs.

Technical Assistance: Cooperants

- 86 In 1983, 701 Canadian experts participated in CIDA's bilateral projects with the largest percentage working in Francophone and Anglophone Africa (35.3% and 31.9% respectively), 20.9% in Asia and 11.9% in the Americas.
- 87 Table XI-4 shows the sectoral distribution of cooperants for the past two years. Though there have been variations between sectors in this period, renewable resources, education, and energy, transportation and communications continued to be the major sectors of cooperant activity, consistent with the broad thrust of Canada's development cooperation strategy.

Orientation activities for cooperants

- 88 In preparation for overseas work and related development cooperation activities, CIDA's Briefing Centre (CPC) provides a variety of orientation programmes and services to consultants, cooperants and their dependents hired directly or through executing agencies to work on CIDA funded technical assistance projects.
- 89 During 1983, CPC's activities continued to focus on pre-departure briefings with a series of sessions for a total of 872 Canadian cooperants and their dependents. Pre-selection briefings were organized for 174 prospective cooperants, in-country briefings for 183 cooperants as well as debriefing programmes for 135 advisors and their dependents returning to Canada.

Technical Assistance: Training

- 90 In-country and third-country training programmes for a total of 734 students were funded through bilateral programmes during 1983-84. Table XI-5 illustrates the regional distribution of such activity for the past two years.
- 91 During 1983, Canadian bilateral aid provided for a total of 622 trainees from developing countries to undertake programmes in Canada at various universities and colleges, or with private, para-governmental or governmental agencies. Of this number, 236 trainees were new during 1983, the majority coming from Africa; 438 students were still in Canada at the end of the year. Table XI-6 gives their distribution by geographic region of origin.
- 92 In addition to the trainees directly administered by CIDA, 349 other trainees, placed and supervised by Canadian organizations under contract with CIDA in the context of the bilateral programme, studied in Canada during 1983. The distribution of these trainees by geographic region of origin was as follows: 136 from the Americas, 100 from Anglophone Africa, 99 from Francophone Africa and 14 from Asia. There were also a total of 666 students from developing countries who undertook or continued training in Canada in 1983 with funding through CIDA's Special Programmes Branch.

At the request of the United Nations and its specialized agencies, arrangements were made for 134 UN Fellows to attend training programmes in Canada in 1983. Including those Fellows already in programmes at the beginning of 1983, a total of 191 Fellows were undertaking training in 1983, compared with 163 in 1982.

b) Other Areas of Assistance

i) Aid Policy and Environmental Concerns

During 1983 work continued on the review of CIDA's policies, procedures and projects related to the environment. At the Policy level, the perspective of the developing countries and their needs were assessed, policies and practices of other donors were reviewed and a study of Canadian capability in the environment field was initiated. An environmental advisor joined CIDA in June 1983 to participate in these efforts and assist country programme and project planners.

There was also strong Canadian support for the establishment by the UN General Assembly in the fall of 1983 of the World Commission on Environment and Development. A contribution of at least Cdn \$200,000 will be provided through CIDA. Canada expects that the Commission will address some of the critical environmental problems facing developing countries over the next few decades and recommend a programme of action for governments, industry, voluntary organizations, and the scientific community.

Public awareness and support for the linkage between environment and development were encouraged during the year in a number of ways. Several conferences were held bringing the environment and development communities together. A backgrounder on the World Commission was circulated to environment and development NGOs to encourage their participation in its future deliberations.

Canada's bilateral official development assistance to natural resource management and environmental protection increased to Cdn \$86.5 million in 1983-84 from Cdn \$72 million in 1982-83. This assistance includes projects to help developing countries build environmental institutions; collect data on natural resources and land use; manage fishery, forestry, plant, wildlife and water resources; and improve the human environment through disease control, human settlements, and drinking water and sanitation. The majority of this assistance was devoted to forestry and water projects.

In 1983, a number of projects continued to be funded through multilateral institutions, the voluntary sector, academic institutions and international non-governmental organizations. A substantial portion of IDRC's funds also went to research on environment and natural resource management questions.

ii) Aid for Research and Scientific Cooperation

- 99 Because of the critical importance of a scientific and technological capability in meeting the needs of the developing countries, CIDA is clarifying the role it can play to facilitate the acquisition of such a capability by the developing countries. With this in mind, the following activities were undertaken in 1983: participation in the development of Canadian positions at international meetings on science and technology (S & T); increasing the awareness of aid officers regarding the importance of S & T in the development process; and the compilation of an inventory of bilateral projects which have a scientific component.
- 100 These activities were carried out keeping in mind the links between the needs of the developing countries, activities of other donors and international organizations, Canada's domestic S & T policy and the role of other Canadian institutions in S & T. A science and technology policy and operational guidelines are in the process of being elaborated for CIDA's various aid programmes.
- International Development Research Centre
- 101 IDRC is one of Canada's major mechanisms for supporting research for the benefit of LDCs. The Centre aims at the dual objectives of funding research designed to tackle specific development problems identified by developing countries and contributing to the building of a strong local base for future research.
- 102 Most of IDRC's assistance is devoted to research projects identified, designed, conducted and managed by Third World scientists, usually in their own countries. In 1983-84, IDRC funded some 350 new research projects in 66 countries (15 of which are in the UN category of least developed) for a total of Cdn \$58 million. Support for training activities for developing country researchers accounted for Cdn \$4.5 million. The Centre's new appropriations for 1983-84 amounted to around Cdn \$64 million with approximately 11% going to its growing support for collaborative research endeavours linking Canadian and LDC research institutions. On an exceptional basis, funding is also provided to core budgets of a limited number of research institutions.
- 103 In terms of sectoral focus, IDRC continues to give priority to the area of agriculture, food and nutrition sciences (37% of total project appropriations). Other major areas of concentration are: social sciences (22%), health sciences (15%) and information sciences (14%). The average project size was around Cdn \$160,000 with extremes ranging from Cdn \$8,900 to Cdn \$784,345. The regional breakdown was as follows: Asia 32%, sub-Saharan Africa 29%, Middle East and North Africa 5% and Latin America and the Caribbean 35%.

iii) Aid for Industrial and Technological Cooperation

- 104 While agriculture remains an engine of growth, it alone cannot solve the critical problems of providing employment and income opportunities for the increasing number of rural and urban poor in developing countries. Canada recognizes that there is an urgent need for an alternative industrial development strategy with more desirable employment and distributive characteristics than concentrated industrialization could give.
- 105 Through its development assistance programme, Canada has increasingly focused attention on the small-scale enterprises (SSE) sector as a critical element in any such strategy while emphasizing its essential linkages with rural development and agriculture. Bilateral activity in this field has increased considerably over the past couple of years and the SSE sector has become an important area of intervention for CIDA, together with agriculture, in Rwanda, Jamaica, Mali, Niger, Bangladesh and the Leeward and Windward Islands. It is also considered as a potential field of assistance for Nepal, Pakistan, Ghana, Thailand, Egypt and Senegal.
- 106 Approaches taken vary from development of a long-term industrial strategy in Jamaica based on the local SSE sector to decentralization in the industrial sector in Rwanda through development of micro-enterprises at the commune level. They include also a fully integrated approach in Lesotho as well as a development programme for small business in the Eastern Caribbean based solely on private sector institutions and aiming at maximizing the participation of women.
- 107 The efforts undertaken at the bilateral level are complemented by activities supported through CIDA's Industrial Cooperation programme (INC). The objective of INC is to stimulate increased participation by the Canadian private sector in the industrial development and growth of developing countries through joint ventures and other forms of business collaboration (see Section XIII).
- iv) Population and Development Assistance
- 108 Although only one of the many challenges which Third World countries face, continued high rates of population growth significantly increase the cost of achieving development objectives. To reduce high birth rates, however, is only a partial solution and population policies and programmes need to be seen within the totality of measures to promote economic prosperity and improved quality of life. The central issue is the relevance and adequacy of current population assistance programmes and where they fit within the broader objectives of development cooperation with developing countries. This is the general direction in which Canadian support for international population activities is currently evolving and the interaction of population variables with other critical development factors is increasingly emphasized.

- 109 The extent of Canadian support for population activities in the Third World, especially through bilateral channels, has significantly grown since the 1974 World Population Conference. Support has been provided through multilateral organizations such as the UN Fund for Population Activities (UNFPA) and through internationally recognized NGOs such as the International Planned Parenthood Federation (IPPF). In addition, CIDA's bilateral programme responds to specific requests from developing countries (e.g. demographic studies, technical assistance and training in and support to related public or maternal and child health programmes), with due regard for the availability and limitations of Canadian resources and for Canadian sensitivities on the issue. Assistance has also been provided for research on matters related to population and fertility, generally through the International Development Research Centre. Moreover, the importance attached to the issue of population in the perspective of development is reflected in the focus of the Canadian aid programme on the most needy countries, on human resource development, and in particular on the role of women in development.
- 110 The 1984 International Population Conference will present a valuable opportunity to learn from the experience of other participating countries - both as regards assistance to activities in the sector as well as the integration of such activities within the broader socio-economic development effort.
- v) Assistance in Public Administration
- 111 Canada has traditionally provided assistance with a view to strengthening the central administration of recipient countries in a number of ways. Various projects are underway to improve planning capacities, to develop and improve information systems and to strengthen monitoring and evaluation activities. Technical assistance in this field continues to be emphasized as an important element for longer-term project support. As for training, which is provided through bilateral, multilateral and special programmes channels, it remains a crucial aspect of this type of assistance. At present CIDA is considering ways and means to increase the level of post-secondary education opportunities for Third World students in Canada.
- 112 In addition, the Management for Change Programme, although small, has provided important and innovative activity. To date, many of its projects have involved short-term seminars, work attachments, and study awards through which Canadian and developing country senior level decision-makers and executives have been brought together to deal with management issues. Under the programme, management needs are viewed within the context of rapid social change; the focus is on sharing information and experience with a view to problem-solving. During the 1983-84 fiscal year the programme has supported 30 projects for a total amount of Cdn \$2.1 million in grants and contributions.

TABLE XI-1
Food Aid Disbursements^{1/},
1982 and 1983

<u>Programme</u>	<u>1982</u>		<u>1983</u>	
	<u>\$M</u>	<u>%</u>	<u>\$M</u>	<u>%</u>
BILATERAL	112.0	54.8	124.3	58.4
of which:				
Americas	5.4	2.6	3.2	1.5
Anglophone Africa	22.9	11.2	22.3	10.5
Asia	67.0	32.8	80.3	37.7
Francophone Africa	13.0	6.4	14.6	6.9
Other recipients	3.7	1.8	3.9	1.8
MULTILATERAL	92.5	45.2	88.7	41.6
of which:				
World Food Programme (WFP)	88.9	43.5	87.7	41.2
UNRWA	3.6	1.8	0.2	0.1
UNICEF	-	-	0.8	0.3
<u>TOTAL</u>	<u>204.5</u>	<u>100.0</u>	<u>213.0</u>	<u>100.0</u>

Source: CIDA

1/ Includes transportation costs.

TABLE XI-2
Bilateral Disbursements
in the Energy Sector, by Sub-Sector,
1982-83 and 1983-84

<u>Sub-Sector</u>	<u>1982-83</u>		<u>1983-84</u>	
	<u>\$M</u>	<u>%</u>	<u>\$M</u>	<u>%</u>
Energy Planning (including Management and Maintenance Training)	2.7	2.8	2.8	3.2
Power Generation	15.3	15.6	26.9	30.9
Electrical Energy Transmission and Distribution	51.0	51.9	40.9	46.9
of which:				
Rural Electrification	14.1	14.4	8.0	9.2
Oil and Gas	26.9	27.4	16.4	18.8
Other	2.3	2.3	0.2	0.2
<u>TOTAL</u>	<u>98.2</u>	<u>100.0</u>	<u>87.2</u>	<u>100.0</u>

TABLE XI-3
Bilateral Disbursements
in the Energy Sector, by Region,
1982-83 and 1983-84

<u>Region</u>	<u>1982-83</u>		<u>1983-84</u>	
	<u>\$M</u>	<u>%</u>	<u>\$M</u>	<u>%</u>
Americas	8.3	8.5	5.2	6.0
Anglophone Africa	48.6	49.5	17.0	19.5
Asia	36.6	37.3	59.2	67.9
Francophone Africa	4.7	4.8	5.8	6.6
<u>TOTAL</u>	<u>98.2</u>	<u>100.0</u>	<u>87.2</u>	<u>100.0</u>

Source: CIDA

TABLE XI-4*
Distribution of Cooperants,
by Sector, 1982 and 1983

<u>Sector</u>	<u>1982</u>		<u>1983</u>	
		%		%
Renewable Resources	251	39.0	280	40.0
Education	131	20.3	118	16.8
Energy, Transportation and Communications	171	26.5	196	28.0
Industry, Mines	32	4.9	31	4.4
Public Administration	21	3.2	18	2.6
Economic Planning	19	2.9	36	5.1
Trade, Bank Operations, Tourism	13	2.0	12	1.7
Health	4	0.7	4	0.6
Social Services	3	0.5	6	0.8
<u>TOTAL</u>	<u>645</u>	<u>100.0</u>	<u>701</u>	<u>100.0</u>

Source: CIDA

* The information provided in this table only applies to cooperants directly administered by CIDA under the bilateral programme.

TABLE XI-5*
Distribution of CIDA Trainees Receiving
In-Country and Third-Country Training,
by Geographic Region, 1982-83 and 1983-84

<u>Region</u>	<u>In-Country</u>		<u>Third-Country</u>		<u>Total</u>	
	<u>82-83</u>	<u>83-84</u>	<u>82-83</u>	<u>83-84</u>	<u>82-83</u>	<u>83-84</u>
Americas	6	5	262	255	268	260
Anglophone Africa	47	40	54	51	101	91
Asia	10	10	28	28	38	38
Francophone Africa	295	295	50	50	345	345
<u>TOTAL</u>	<u>358</u>	<u>350</u>	<u>394</u>	<u>384</u>	<u>752</u>	<u>734</u>

TABLE XI-6*
Distribution of CIDA Trainees in Canada,
by Geographic Region of Origin, 1983

<u>Region of Origin</u>	<u>Academic Training Programmes</u>	<u>Practical Training Programmes</u>	<u>Total</u>
Americas	58	31	89
Anglophone Africa	254	14	268
Asia	37	22	59
Francophone Africa	192	14	206
<u>TOTAL</u>	<u>541</u>	<u>81</u>	<u>622</u>

Source: CIDA

* The information provided in these tables only applies to trainees directly administered by CIDA under the bilateral programme and not to those placed and supervised by Canadian executing agencies, or to trainees sponsored through CIDA's multilateral and special programmes (see pp 34-35).

XII WOMEN IN DEVELOPMENT

113 During 1983, CIDA continued the preparation of a new Agency-wide strategy for Women in Development (WID). The DAC Guiding Principles to Aid Agencies for supporting the Role of Women in Development have been a major source of inspiration in the preparation of the strategy. It is expected to be fully operationalized during 1985.

a) Policy perspective

114 Canada regards the full integration of women as both agents and beneficiaries of development as crucial to the realization of development goals. As an issue of development effectiveness, WID has become a matter of professional responsibility. The Agency is therefore moving away from the traditional advocacy approach to WID towards a more professional approach based on accountability. Underlying this new approach is the recognition that all development intervention has an impact on women and that development assistance, however neutrally applied, often affects women differently than men. Consequently, CIDA is working to design programmes and projects so that women will benefit at the same rate as men.

115 The corporate strategy being developed is based on a systemic model which requires structural analysis and the statistical measurement of programme and project impact on women in comparison to men. Once it is determined whether and how women have been excluded, methods for reframing policies, programming and project administration to ensure their inclusion can be formulated and operationalized. Reframing organizational policies and practices must be complemented by special remedial measures to assist women in attaining skills, education and income commensurate with their aspirations and individual abilities. The approach accepts, then, that integration and special measures are necessary and interdependent.

b) Programme activities

116 Assisting recipient governments in coordinating their efforts in WID is an important aspect of Canada's cooperation with developing countries. Ensuring the inclusion of women in the development process is given high priority by programme branches and considerable progress has been made over the past year. Funds committed in 1983 for women-specific projects by region are summarized in the following table but these figures do not include the many other ongoing activities which indirectly involve and benefit women.

Summary of Commitments
Women in Development
1983

\$Cdn million

Africa	0.59
America	0.41
Asia	1.79
Europe	0.00
LDCs unspecified	0.16
<u>TOTAL</u>	<u>2.95</u>

- 117 Among the initiatives undertaken at the bilateral level are an agricultural extension training centre project in Sri Lanka which will provide training and technical assistance with particular emphasis on women as farmers and food producers. The Pakistan programme completed two studies in the course of the year with a view to developing a comprehensive WID programme. A reconnaissance mission specifically aimed at formulating a WID programme in Pakistan will take place during 1984. Another project approved in 1983 was a rural water project in Togo which not only will benefit rural women as watercarriers but aims at integrating them in the decision-making process through their active involvement in village health committees.
- 118 The past year has also seen a broadening of NGO activities of benefit to women with support from Special Programmes Branch. Given their grass-roots and often innovative approach to development, NGOs have proven to be a valuable channel to address the particular needs of women in the Third World. International women's organizations such as the YMCA and the Associated Country Women of the World continued to receive funds through CIDA and significant support has been provided for the efforts undertaken by Women's World Banking to mobilize funds for women entrepreneurs. With CIDA financing, MATCH International Centre assisted many projects initiated and managed by women and held a conference on Women and Human Settlements. Other activities included contributions to professional associations such as the Canadian Home Economics Association, which became increasingly active in projects with developing country counterparts, and organizations like the International Planned Parenthood Federation (IPPF) whose work has particular impact on women.
- 119 The small-scale projects funded locally through the Mission Administered Fund (MAF) also continue to provide a successful means to specifically reach women as a principal target group. Furthermore international agencies administering programmes with a distinct focus on women such as UNICEF or UNFPA continued to be important recipients of Canadian funding through multilateral channels.
- 120 To ensure that women in developing countries have access to decision-making, it is important that Canadian women play a key role in project development and implementation. A new system was put in place

during 1983 which will increase the representation of women among Canadian cooperants posted abroad.

Two targets have been set:

- i) To increase the number of female candidates on the CIDA roster to a ratio equal to or greater than the Canadian labour market composition for 11 priority occupations.
- ii) To increase the number of female cooperants in all the occupations to a level comparable to the Canadian labour market composition.

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Canada has played and will continue to play a major role in the promotion of WID internationally. A large and active part was taken in the development and approval of the DAC Guidelines on WID. During programme discussions in the Governing Councils of various UN organizations, CIDA has advocated a more systematic approach to involving women in all stages of the planning, implementation and evaluation of development projects and programmes supported by these Agencies. Canada has also been an active supporter of moves within the World Bank to strengthen the understanding and support of the enhanced role of women in the Bank's programmes.

XIII BROADER INSTRUMENTS OF DEVELOPMENT COOPERATION

a) Industrial Cooperation Programme (INC)

- 122 CIDA's Industrial Cooperation Programme is designed to increase the participation of the Canadian private sector in the industrial development effort in the Third World. The programme addresses itself first and foremost to the manufacturing sector. This involves a wide variety of activities in support of Project Identification, Project Definition and Project Support activities. INC also administers the Canadian Projects Preparation Facility which is directed to the Canadian consultant industry and aims at facilitating Canadian participation in multilaterally-financed capital investment projects in developing countries. Furthermore, funding is provided for the Canadian Executive Services Overseas programme under which retired Canadian executives provide advisory services and training for small and medium-size industries in various developing countries.
- 123 During 1983-84, INC has disbursed Cdn \$23.3 million; some 600 new projects were approved covering a wide variety of activities with a view to promoting joint ventures and business arrangements (licencing agreements, management contracts) between the Canadian private sector, especially small and medium-size companies, and their counterparts in the Third World as well as the financing of pre-feasibility studies undertaken on behalf of LDCs. Contributions included support to Canadian firms for project definition - e.g. feasibility and starter studies, project preparation, and development of suitable technology. A number of seminars were organized and country-specific investment guides were published as a means to make contacts and identify opportunities for collaboration.
- 124 A successful series of technology transfer exhibitions initiated in 1982 continued with five such events in 1983 (Egypt, China, Trinidad, Morocco, Singapore). In addition, INC has supported the creation of three additional joint business councils during the past year (with Pakistan, India and Malaysia) in order to foster relationships and share experience.

b) Cost recoverable technical assistance

- 125 A cost recoverable technical assistance programme was initiated in 1979 with a view to assisting resource-rich developing countries to improve certain sectors of their economies by using Canadian expertise and improving Canada's performance in marketing Canadian goods and services abroad. The programme is administered by the Department of External Affairs. Since its inception, some \$30 million in cost recoverable technical assistance has been undertaken. The normal instruments are government-to-government agreements providing federal or provincial expertise, or the placement of foreign students in Canada and Canadian teachers abroad.

c) Use of private sector in project implementation

- 126 A large proportion of CIDA's projects is already managed by Canadian consultants and contractors and the Agency is accelerating the trend

towards contracting out project planning and execution to the private sector. Indeed, the Agency has decided, as part of its project management improvement plan, to pursue a policy whereby all new bilateral projects will be structured, wherever possible, so that their realization can be contracted out to a single executing agency. CIDA, however, will continue to ensure that, as an essential component in the development process, training of LDC counterparts will accompany all projects realized by the private sector under the Agency's auspices.

d) Use of other government departments in project implementation

- 127 CIDA supervises the efforts of a number of other federal government departments and agencies whose services are contracted to assist in implementing projects. Such contracts or project charters normally call for the provision of short-term technical expertise and the requirement that the contracted department or agency participate with CIDA officials in project monitoring and evaluation.
- 128 At present, CIDA maintains some 18 contracts with six other government departments and agencies: Agriculture Canada (9); Energy, Mines and Resources Canada (4); Petro-Canada (2); External Affairs Canada (1); Health and Welfare Canada (1); and National Research Council of Canada (1).
- 129 In addition, provincial governments are also involved in the delivery of Canada's aid programme in various ways and at various levels through:
- the matching, together with CIDA, of funds raised by NGOs to undertake development projects as well as contributions to projects realized by various educational and other institutions (professional associations, cooperatives, unions) under CIDA's Institutional Cooperation and Development Services Programme;
 - collaboration with CIDA and various NGOs under the VADA (Voluntary Agricultural Development Assistance) Programme to provide food aid as well as funding for projects designed to improve food production in Third World countries. CIDA disbursements under this programme for 1983-84 totalled close to Cdn \$1.4 million; provincial contributions amounted to Cdn \$234,718. During 1983, a review of the VADA programme was undertaken; results will be forthcoming by mid-1984;
 - technical assistance provided by experts and teachers who, on leave of absence from provincial government departments or agencies, work in the context of CIDA projects. In 1983, there were 11 such active direct contracts with provincial civil servants.
- 130 Provincial government departments, agencies and crown corporations also implement a number of projects or components of projects on behalf and under supervision of CIDA. Finally, provincial educational institutions, colleges and universities each year accept well over a thousand Third World students, directly or indirectly sponsored by CIDA, to follow study and training programmes in a variety of fields.

e) Cooperation with the voluntary sector

- 131 CIDA's collaboration with the voluntary sector has grown dramatically since its inception in 1968, with the creation of programmes reflecting the diverse and ever-growing interests and experience in international development on the part of Canadians and their organizations. In the Throne Speech of December 1983, the Canadian Government reiterated its commitment to increase levels of support for voluntary activities in international cooperation, with special mention of cooperatives.
- 132 Under the Non-Governmental Organizations Programme (NGO), CIDA contributed Cdn \$60.5 million in 1983-84 towards projects and programmes initiated by NGOs. The programme originated in the Canadian Government's desire to recognize the valuable contribution made to international development by Canadian NGOs working together as partners with developing country NGOs. A large element in the programming is assistance to groups which mobilize resources to meet local needs, often to provide basic services in basic sectors. The programme also contributes to Canadians' awareness of the problems faced by LDCs, and the efforts which are made to solve them.
- 133 The International NGO Programme (INGO) provided Cdn \$16.7 million to internationally-based NGO activities in 1983-84. This adds a dimension to CIDA's development assistance activities by strengthening regional and local capacities where Canadian-based NGOs are not currently active. Through this programme CIDA also contributes to "South-South" cooperation by making it possible for people with similar interests and problems to learn creative approaches which have worked in comparable situations elsewhere.
- 134 The Institutional Cooperation and Development Services Programme (ICDS) also continues to expand as Canadian associations and institutions show an increasing interest in collaborating with their counterparts in developing countries. Total expenditures of the ICDS programme for the 1983-84 fiscal year amount to over Cdn \$59 million. The programme centers on the following activities, particularly in the field of education and training:
- Development services: This component of the ICDS programme provides funding for six non-profit agencies with a capacity to send some 900 professionally and technically qualified Canadian cooperants to developing countries on two-year assignments. In addition support is given for two agencies which conduct exchange programmes involving each year over 700 participants from Canada and the Third World.
 - Educational Institutions: Interest on the part of Canadian universities and colleges to undertake projects with developing country counterparts has been growing rapidly. Assistance is provided in the development of faculty and curricula with recent concentration on the technical, vocational and scientific fields.
 - Professional Associations: Similarly, a range of professional associations (teachers, nurses...) undertake "twinning"

arrangements whereby technical assistance, training and organizational support are provided for Third World counterparts.

- Cooperatives and Unions: Under this component, cooperatives, savings and credit unions as well as labour organizations are encouraged to collaborate with similar organizations in developing countries (staff training, membership development, etc). As set out in the December 1983 Speech from the Throne, particular emphasis will be given to the efforts undertaken in the cooperative sector.

The International Centre for Ocean Development (ICOD)

135 As announced by Canada's Prime Minister at the 1981 Commonwealth Heads of Government Meeting and following the signature by 119 countries of the UN Convention on the Law of the Sea in December 1982, this new and original Canadian development cooperation initiative got underway during the past year. ICOD was established as a non-profit corporation with CIDA funding to assist developing countries to attain maximum benefit from their expanded marine resources. Based in Halifax (Nova Scotia) and essentially conceived as a programme delivery system with practical orientation, the Centre will seek to help LDCs to build upon their indigenous capacity in ocean resource management and utilization, particularly as it relates to food production through:

- i) the provision of scientific, technical, managerial and training assistance in the protection, conservation and husbandry of ocean resources, particularly of food resources;
- ii) the facilitation of access to information on relevant aspects of ocean resource matters.

136 ICOD's substantive programme activities are expected to begin in the next calendar year after its Board of Governors discusses a first series of programme proposals.

f) Trade with developing countries

137 i) General trends

LDCs account for around 25% of Canada's trade with countries other than the USA. The trade pattern with LDCs has remained fairly consistent over the years and, as can be seen from Tables XIII-1 and XIII-2, the only major change which has occurred over the past year is a significant reduction of imports from OPEC countries which offset a modest increase in imports from all other categories of LDCs. Overall exports to developing countries slightly declined during 1983 with the largest decrease registered in exports to OPEC countries.

ii) Trade policy for the 1980s

138 Following a review of Canada's trade policies, the Government, in June 1983, reconfirmed its strong commitment to a stable and open

trading environment. No major policy changes are envisaged but the Government has once again stressed Canada's full support for the maintenance and strengthening of the multilateral trade and payments system and announced its intent to seek an expansion and development of more mature trade relations with LDCs. On the one hand the economic development needs of these countries need to be taken into account, as well as the liquidity problems many of them face. On the other hand, there are the similarities of Canadian and LDC economies and domestic preoccupation with the need to sustain the modest economic recovery and to reduce high unemployment levels in Canada which have to be considered. NICs will be encouraged to assume a greater degree of acceptance of international trade obligations.

- 139 Canada intends to pursue efforts to improve its ability to provide export credit and particularly concessional financing; greater participation in the delivery of export credits by private financial institutions will be encouraged. To supplement the framework provided by GATT, Canada will continue to promote the use of instruments and mechanisms such as joint ventures, industrial cooperation and joint economic commissions to foster trade with LDCs.
- 140 However, it is recognized that these techniques are most effective in the middle-income countries while the General Preferential Tariff (GPT) mainly benefits NICs. Consequently, Canada will give particular attention to specific measures which more directly meet requirements of LLDCs. In the short run, aid will continue to be the most realistic measure to eventually build a sound basis for trade relations.
- 141 Various improvements to the Canadian Generalized System of Preferences (GSP) scheme have received the requisite legislative authority and are now in effect. The GPT has been extended by 10 years, to July 1st, 1994, its product coverage has been expanded; the rules of origin have been amended to allow for value added amongst all beneficiary countries to count towards the 60% threshold, and five more countries were added to the list of LLDCs to bring it into conformity with the UN list (these countries enjoy duty-free access for industrial projects and face a minimum content requirement of 40% (with annulation).
- 142 As described in last year's Memorandum, import assistance for LDCs is provided through the services of the Trade Facilitation Office, (TFO) established in 1980 and funded through CIDA.

TABLE XIII-1
Canadian Exports to Developing Countries,
by Income Group,
1982 and 1983

<u>Income Group</u> ^{1/}	<u>1982</u>		<u>1983 (estimates)</u>	
	<u>\$ Million</u>	<u>Per Cent</u>	<u>\$ Million</u>	<u>Per Cent</u>
Low-Income Countries	2,166.6	28.3	2,258.1	31.4
Middle-Income Countries	1,743.0	22.8	1,634.5	22.7
Newly-Industrialized Countries	2,023.8	26.4	1,982.4	27.6
Regional not Elsewhere Specified	18.6	0.2	14.8	0.2
Sub-Total (excluding OPEC Countries)	5,952.0	77.7	5,889.8	81.9
OPEC Countries	1,703.5	22.3	1,303.3	18.1
<u>TOTAL</u>	<u>7,655.5</u>	<u>100.0</u>	<u>7,193.1</u>	<u>100.0</u>

Source: Statistics Canada, Exports - Merchandise Trade (65-003), 1983.

1/ See definitions in Table VI-3.

x Less than 0.05%.

TABLE XIII-2
Canadian Imports from Developing Countries,
by Income Group,
1982 and 1983

<u>Income Group</u> ^{1/}	<u>1982</u>		<u>1983 (estimates)</u>	
	<u>\$ Million</u>	<u>Per Cent</u>	<u>\$ Million</u>	<u>Per Cent</u>
Low-Income Countries	404.8	6.0	568.4	8.2
Middle-Income Countries	893.1	13.2	1,214.2	17.5
Newly-Industrialized Countries	3,013.1	44.4	3,626.8	52.1
Regional not Elsewhere Specified	12.6	0.2	35.5	0.5
Sub-Total (excluding OPEC Countries)	4,323.6	63.8	5,444.9	78.3
OPEC Countries	2,456.2	36.2	1,511.0	21.7
<u>TOTAL</u>	<u>6,779.8</u>	<u>100.0</u>	<u>6,955.9</u>	<u>100.0</u>

Source: Statistics Canada, Imports - Merchandise Trade (65-006), 1983.

1/ See definitions in Table VI-3.



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